



The Foreign Comparative Testing (FCT) Handbook

**Office of the Under Secretary of Defense
(Acquisition, Technology and Logistics)
Director, Strategic & Tactical Systems**

March 2001

FOREWORD


The Foreign Comparative Testing (FCT) Program supports U.S. policy of encouraging international armaments cooperation and helps reduce overall Department of Defense acquisition costs by facilitating the procurement of foreign non-developmental items. The purpose of the FCT Program is to test and evaluate foreign non-developmental equipment that demonstrates the potential to satisfy user requirements. *Congressionally authorized in 1989 by Title 10, United States Code, Section 2350a(g)*, the FCT Program consolidated the former Foreign Weapons Evaluation and NATO Comparative Test programs and focused efforts on identifying and testing equipment to quickly and economically improve the capability of U.S. operational forces.

Department of Defense Directive 5000.3-M-2, Foreign Comparative Testing Program Procedures Manual, dated January 1994, describes the FCT Program and the project selection process, and identifies reporting requirements.

This handbook builds on the basic program framework and explains the roles and responsibilities of the agencies involved in the program. Its purpose is to help readers understand how to manage or contribute to an FCT project successfully from initial nomination through eventual procurement. It is a living document that will be amended as necessary to conform to changes in DOD policy and procedures.

This handbook consolidates Office of the Secretary of Defense (OSD) guidance, information and procedures for the Services, U.S. Special Operations Command, Commanders in Chief, Defense Agencies, OSD Staff, U.S. Offices of Defense Cooperation, foreign vendors and their U.S. representatives, and foreign embassy/government officials.

Recommended changes and suggestions for additions should be forwarded to: Program Manager, Foreign Comparative Testing Program, 3090 Defense Pentagon, Room 3E130, Washington, DC 20301-3090.


George R. Schneiter
Director
Strategic and Tactical Systems
OUSD (AT&L)

THIS PAGE INTENTIONALLY BLANK

TABLE OF CONTENTS

INTRODUCTION	i
CHAPTER 1: FCT PROGRAM OVERVIEW	1-1
Program Objectives	1-1
FCT Authority and Policy	1-2
Categories of FCT Projects.....	1-2
CHAPTER 2: FCT PROGRAM PARTICIPANTS AND RESPONSIBILITIES.....	2-1
CHAPTER 3: THE FCT PROPOSAL PROCESS	3-1
The FCT Proposal Cycle.....	3-1
How to Start an FCT Proposal.....	3-2
Evaluation Criteria.....	3-4
Estimating FCT Benefits	3-9
CHAPTER 4: PROJECT MANAGEMENT	4-1
Integrated Product Teams	4-1
Project Management Activities	4-2
Project Baselines	4-3
Financial Management.....	4-3
Disclosure of Information.....	4-5
CHAPTER 5: TEST AND EVALUATION	5-1
General Considerations	5-1
Test and Evaluation Plan.....	5-1
Cost Effective Testing	5-2
Non-developmental Nature of FCT	5-2
Key Performance Parameters.....	5-3
Phased Test Approach.....	5-4
Just in Time Testing	5-4
Test Location.....	5-4
Leveraging Test and Evaluation Efforts.....	5-4
Testing Competing U.S. Domestic Items.....	5-5
CHAPTER 6: PROCUREMENT AFTER THE FCT.....	6-1
Acquisition and Contracting Strategy.....	6-1
Sources Sought	6-3
Contract Preparation.....	6-4
Contract Management.....	6-4

CHAPTER 7: REPORTING REQUIREMENTS	7-1
Congressional Reporting	7-1
Periodic Progress Reporting	7-2
Financial Reporting	7-2
Earned Value Management.....	7-2
Technical Test Report and FCT Project Closeout Report/Briefing.....	7-3
Project Reviews.....	7-3

APPENDICES

A	FCT PROPOSAL FORMAT	A-1
B	PERIODIC PROGRESS REPORT FORMAT	B-1
C	FCT FINANCIAL SUMMARY REPORT FORMAT	C-1
D	PROJECT CHART FORMAT.....	D-1
E	FCT CLOSE-OUT REPORT FORMAT	E-1
F	KAMINSKI MEMO.....	F-2
G	FCT PROPOSAL CHECKLIST	G-2

INTRODUCTION

The purpose of this handbook is to provide a ready reference for the FCT Program. This handbook explains how to successfully initiate and manage a project in the Foreign Comparative Testing (FCT) Program from proposal initiation through project close-out and procurement. The handbook is intended to be a living document that will be amended to reflect changes in DOD policy or procedures.

Organizations involved in the FCT Program include the Department of Defense (DOD), foreign government organizations, and foreign and U.S. industry. Because of this diversity, the handbook addresses a variety of issues associated with the FCT Program. The Office of the Secretary of Defense (OSD) FCT Program Office welcomes recommendations for improvements to this handbook.

The table of contents directs the reader to the chapter and section that address particular questions or concerns. Additional or clarifying information will periodically be posted to the OSD FCT homepage on the World Wide Web. The use of Department of Defense acronyms has been kept to a minimum to avoid confusion. For additional questions, the reader should contact the Services (Army, Navy/Marine Corps, or Air Force), or U.S. Special Operations Command (USSOCOM), or the FCT Program Office at OSD. Please refer to our web-site, <http://www.acq.osd.mil/sts/fct/> for the latest phone contact list.

HANDBOOK FRAMEWORK

The handbook flows from the general to the specific. The chapters and appendices cover the major actions and persons necessary to accomplish a successful FCT. The chapters are organized as follows:

- Chapter 1 discusses the FCT Program's intent and provides an overview.
- Chapter 2 addresses participants and responsibilities. This chapter lists the organizations or individuals routinely involved in the FCT Program, along with their functions. It provides a basis for determining who from foreign industry, foreign government organizations, and DOD organizations should be included on the Integrated Product Team (IPT) for an FCT project. Understanding these interrelationships is one of the first steps to success.
- Chapter 3 describes the FCT proposal process and addresses the issues for industry and government persons contemplating the FCT option. This chapter identifies and describes the areas critical to gaining FCT project approval. An understanding of the philosophy presented in this chapter will assist a sponsor in properly preparing the FCT Summary and Full proposal formats found in the Appendices.

- Chapter 4 addresses methods and techniques for success in managing an approved FCT project. It explains OSD expectations in the areas of cost, schedule, and project performance.
- Chapter 5 discusses FCT project testing and evaluation. This chapter should serve to stimulate cost effective testing and evaluation approaches.
- Chapter 6 focuses on procurement—the underlying tenet of the FCT Program.
- Chapter 7 describes the reporting requirements throughout the FCT Program.

The appendices contain specialized charts and examples of the required documentation and reports.

CONTACT INFORMATION

FCT Program Office

E-mail	linda.palmer@osd.mil
Phone	(703) 602-3740
	DSN 332-3740
Fax	(703) 602-3748

Mail can be sent to either address:

Foreign Comparative Testing Program
1931 Jefferson Davis Highway
Crystal Mall 3, Suite 101
Arlington, VA 22202

Mail Pouch correspondence can be sent to:

Foreign Comparative Testing Program
3090 Defense Pentagon
Room 3E130
Washington, DC 20301-3090

FCT Program Web Site

Changes to these and other points of contact will be noted on the OSD FCT Homepage. Information on the FCT Program, this FCT Handbook, and links to other helpful FCT related sites such as the Commerce Business Daily (CBD) are available through the World Wide Web at the Foreign Comparative Testing Program Homepage at: <http://www.acq.osd.mil/sts/fct/>

Department of Defense Acquisition Deskbook

The Defense Acquisition Deskbook contains information on the Foreign Comparative Testing Program and acquisition in the DOD. It is available on CD-ROM through the Defense Acquisition Deskbook Joint Program Office ((513) 255-0423 or DSN 785-0423) or through the World Wide Web Homepage at: <http://www.deskbook.osd.mil/>

CHAPTER 1

FCT PROGRAM OVERVIEW

The mission of the Foreign Comparative Testing (FCT) Program is to test non-developmental¹ items of our allies and friends in order to satisfy valid defense requirements more quickly and economically. In fulfilling this mission, FCT continues to be a uniquely successful acquisition tool. Since 1980, the FCT Program has led to the procurement of more than \$5 billion in foreign non-developmental items. At the same time, the program has reaped substantial savings by avoiding research and development costs, lowering procurement costs, reducing risk for major acquisition programs, and accelerating the fielding of equipment critical to readiness and safety of U.S. operating forces. While the aim of the FCT program is to improve the U.S. Armed Forces' operational performance, this leveraging of foreign research and development has benefited the U.S. taxpayer. Additionally, the FCT Program has served as a catalyst for industry teaming arrangements, which have been productive for both U.S. and foreign industries in an increasingly competitive global market. The FCT Program holds the promise of even greater success in the future as its benefits become more widely known.

Foreign non-developmental items are nominated for test by a sponsoring organization within the Department of Defense to determine whether the items satisfy U.S. military requirements or address mission area shortcomings. The OSD FCT Program Office funds testing, the Services and USSOCOM fund all procurements that result from a successful test.

PROGRAM OBJECTIVES

FCT Program objectives are to improve the U.S. warfighter's capabilities and reduce expenditures through:

- Rapidly fielding quality foreign non-developmental military equipment
- Eliminating unnecessary duplication of research, development, test, and evaluation
- Reducing life cycle or procurement costs
- Enhancing standardization and interoperability
- Promoting competition by qualifying alternative sources

In keeping with overall DOD goals for efficiency and proven management techniques, the FCT Program follows the following principles:

- Focuses on procurement, since FCT is an acquisition-oriented program
- Involves the warfighter/user from the beginning of each project
- Uses the IPT concept

¹ Non-developmental items are characterized as previously developed items—whether developed for a commercial or military market—that are ready to use with little or no modification.

- Funds projects that have a user advocate, documented requirement, a thorough market survey, a cost effective test plan, and a high probability of procurement after a successful evaluation
- Holds the sponsoring organizations accountable for FCT project management and project execution

AUTHORITY AND POLICY

The roles and missions of the U.S. Armed Forces come from several related but distinct sources, including the U.S. Code and Department of Defense Directives (DODDs). The U.S. Constitution assigns the authority to create and maintain armed forces to the U.S. Congress. Congress authorized the FCT Program in 1989 under Title 10, U.S. Code Section 2350a(g) and funds the program through Program Element 0605130D in the Defense-wide Research Development Test and Evaluation (RDT&E) 0400 Budget. The FCT Program adheres to guidance in Part 211, DOD Federal Acquisition Regulation Supplement and sections of DOD Regulation 5000.2-R. These documents are available in the Acquisition Deskbook and can be accessed at <http://web2.deskbook.osd.mil/>.

The DOD must procure equipment for the military efficiently and effectively in order to maintain the necessary level of readiness demanded of America's Armed Forces. DoDI 5000.2, Systems Acquisition, Section 4.7.3.1.2. clearly states "...acquisition decision-makers shall follow the following hierarchy of alternatives: the procurement (including modification) of commercially available domestic or international technologies, systems or equipment, or the additional production (including modification) of previously-developed U.S. military systems or equipment, or *Allied systems or equipment (emphasis added)*; cooperative development program with one or more Allied nations; ..."²

CATEGORIES OF FCT PROJECTS

There are two categories of FCT Projects: "test to procure" and "technical assessment." No procurement is intended for a technical assessment. While the law establishing the FCT Program allows technical assessments, FCT funding of such projects is afforded a lower priority than projects where an intent to procure exists. Occasionally, revolutionary technology is discovered that merits testing to determine its suitability in U.S. defense systems and infrastructure. Toward this end, technical assessment projects may be approved and conducted under the FCT Program. The "test to procure" category includes both **qualification** and **comparative** testing.

² Ref: DoDI 5000.2; Operation of the Defense Acquisition System; (Including Change 1); 4 January 2001; 4."Procedures"; 4.7."The Defense Acquisition Management Framework"; 4.7.3."Systems Acquisition";4.7.3.1.2.

A **qualification test** is one in which a unique foreign item is evaluated to determine if the equipment's capabilities meet the U.S. requirement. FCT funding may be requested for the entire test and evaluation costs (includes lease or purchase of test article and execution of the testing).

Under a **comparative test**, multiple items are tested simultaneously and evaluated against each other and against a set of requirements. If all items in a comparative test are foreign, FCT funding can be requested for the entire cost of the test (including lease or purchase of test articles and execution of the test and evaluation). If U.S. domestic items have been identified as candidates and there is a mixture of foreign and domestic items to evaluate, the FCT Program only provides FCT funding for costs associated with test and evaluation of the foreign items. The sponsoring organization must provide all funds for test and evaluation of the domestic items.

An issue that frequently arises in a comparative test is the availability of funds to evaluate domestic items. The sponsoring organization must identify the funding to test and evaluate domestic items before a proposal will gain final approval. This ensures all competing items are tested simultaneously, under the same conditions, and to the same criteria. In the past, FCT projects have been unnecessarily canceled or delayed while waiting on sponsoring organization funding to evaluate competing U.S. items.

CONCLUSION

Even with its record of success, the FCT Program is just one of the tools in the acquisition manager's toolbox. The decision to use FCT rests with the sponsoring organization in the Services and USSOCOM. The key to success is planning and the sponsoring organization must develop a detailed plan for overall project execution - from testing to procurement. The next chapter addresses participants in the FCT program.

THIS PAGE INTENTIONALLY BLANK

CHAPTER 2

PARTICIPANTS AND RESPONSIBILITIES

This chapter provides general information on roles and responsibilities of the key participants in the FCT Program. A successful FCT project depends on coordination among participants. FCT representatives in the military services and USSOCOM can provide details on participants involved in specific FCT projects.

Table 2-1 lists some participants whose FCT responsibilities are summarized in this chapter. The need for coordination underscores the DOD's emphasis on the use of Integrated Product Teams in the FCT process.

Table 2-1 Participants in the FCT Program

CONGRESS	• Contracting Officer (U.S.)
DEPARTMENT OF DEFENSE	• Test Organization
• Under Secretary of Defense (AT&L)	• Laboratory (U.S.)
• Director, Strategic and Tactical Systems	• Program Element Monitor
• OSD FCT Program Review Committee	• Resource Sponsor
• OSD FCT Office/Program Manager	• Requirements Sponsor
• FCT Offices in the Services/USSOCOM	• Systems Command (SYSCOM)
• Component Acquisition Executive	• System Program Office (SPO)
• Program Executive Office	• Material Developer
• User/Warfighter	• Defense Contracting Management Agency
• Sponsoring Organization	• Defense Finance Accounting Service
• Project Manager (Sponsor)	U.S. EMBASSY REPRESENTATIVES
• Integrated Product Team	FOREIGN & DOMESTIC VENDORS
	FOREIGN GOVERNMENT ORGANIZATIONS

The participants with major roles in the FCT Program include the U.S. Congress, DOD organizations, foreign vendors, and foreign government organizations.

CONGRESS

The Congress of the United States is constitutionally responsible for authorizing and appropriating the federal budget. In discharging this responsibility with regards to the FCT Program, Congress exercises both a budgetary and an oversight function. The FCT Program exists as a result of specific legislation; therefore, the Congress examines the conduct of the program to ensure it complies with the intent of the law and does not violate Congressional direction. In addition to oversight, Congress approves (or rejects) each FCT project.

The Congress:

- Elects to fund all, some, or none of the nominated projects and enacts restrictive legislation that limits or directs the FCT Program
- Maintains oversight of the overall FCT Program and monitors high-visibility FCT projects through appropriation and authorization committees
- Requires an Annual FCT Report to Congress
- Inquires about selected FCT projects
- Monitors the procurements resulting from the FCT Program

DEPARTMENT OF DEFENSE (DOD)

Within the DOD, major participants include the Office of the Secretary of Defense, the sponsoring organizations, and the users/warfighters. The FCT Program is administered through the U.S. Department of Defense in the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics, by the Director, Strategic and Tactical Systems. The OSD FCT Program Office provides oversight of Service and USSOCOM execution of funded FCT projects.

Under Secretary of Defense (Acquisition, Technology and Logistics)

The Under Secretary has overall responsibility for acquisition, technology, and logistics within the DOD. For the FCT Program, the Under Secretary:

- Interacts with senior foreign government and defense representatives on issues relating to the status of FCT projects
- Signs the FCT Program Annual Report to Congress or forwards it to the Secretary of Defense for signature

Director, Strategic and Tactical Systems

The Director falls under the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) and has oversight for the overall FCT Program. The Director:

- Accounts to the Under Secretary of Defense (Acquisition, Technology and Logistics) for the FCT Program
- Directly supervises the OSD FCT Program Manager
- Responds to Congressional inquiries on the status of FCT projects and funding
- Chairs the OSD FCT Review Committee
- Approves the new start/out of cycle/continuing FCT projects and forwards to Congress for consideration
- Approves and forwards the FCT Annual Report to Congress

OSD FCT Review Committee

This committee consists of representatives from OSD and the Joint Chiefs of Staff with particular functional expertise. The Committee:

- Evaluates FCT proposals in accordance with established criteria
- Recommends proposed Service and USSOCOM FCT projects for funding
- Provides guidance to the OSD FCT Program Office as required

Table 2-2 OSD FCT Review Committee – Organizations Represented

Deputy Undersecretary for Policy-Requirements & Plans	Undersecretary for Acquisition, Technology & Logistics
Joint Staff (J8) – Force Structure, Resources, and Assessments	- Defense Procurement
Assistant Secretary for Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR)	- Interoperability
Deputy Undersecretary for International and Cooperative Programs	- Defense Threat Reduction Agency – Chem/Bio
Director, Operational Test and Evaluation	- Science and Technology
	- Strategic and Tactical Systems Directorate
	- Air Warfare
	- Land Warfare
	- Naval Warfare
	- Electronic Warfare
	- Munitions

OSD FCT Office/Program Manager

The FCT Program Manager is the focal point for FCT matters within the Office of the Secretary of Defense. The PM manages the FCT Program for the Office of the Secretary of Defense. The FCT PM:

- Establishes and fosters an environment to facilitate successful FCT projects
- Establishes and publishes FCT policy and procedures
- Fosters a joint approach for the FCT Program
- Ensures FCT projects under the program are consistent with the policies and principles articulated in DOD Directives and Regulations
- Assesses program status and risk to higher authorities and to the user or the user's representative
- Forms a multi-service team to review project proposals
- Establishes project evaluation criteria
- Briefs and provides recommendations to the FCT Program Review Committee and Director Strategic and Tactical Systems concerning new start and continuing FCT project proposals
- Participates in or supports FCT IPTs
- Organizes and hosts the FCT Program annual Kick-Off meeting

- Directs periodic offsite training meetings to foster joint cooperation and understanding of the FCT Program
- Conducts on-site visits, as necessary, to determine program/project progress
- Participates in FCT-related diplomatic and Congressional activities
- Approves changes in FCT project budgets and timelines that exceed baseline thresholds for the Services and USSOCOM

Financial duties:

- Prepares FCT input for the President's budget submittal
- Justifies FCT funding requests to Congress
- Manages the OSD-level FCT Proposal selection process
- Prepares and coordinates Congressional Notification Packages
- Coordinates FCT financial activities at the Office of the Secretary of Defense level

Informational Duties:

- Responds to Congressional, media, and international inquiries
- Publishes the Annual FCT Report to Congress
- Briefs Congress, foreign embassy representatives, and others, as necessary, on the status of the FCT Program
- Ensures the Services/USSOCOM properly close out each project, financially and technically
- Assists information exchange within the FCT community
- Educates and updates the FCT community on acquisition and policy matters affecting the program
- Educates the DOD Acquisition community about FCT
- Educates foreign governments and foreign vendors about FCT
- Leads and assists sponsoring organizations in the effort to identify candidate items for testing under the FCT Program

FCT Office in the Services/USSOCOM

Each Service and USSOCOM provides an FCT focal point. This representative:

- Manages the FCT Program at the Service/USSOCOM level
- Reviews FCT proposals to ensure that required information is provided
- Provides FCT Program briefings and information to users and their potential sponsoring organizations
- Refers foreign vendor/embassy representatives to the responsible project manager or Program Element Office
- Selects and prioritizes candidate projects for nomination to OSD
- Ensures candidate projects are coordinated among offices within other Services or USSOCOM for possible joint interest in candidate projects
- Ensures candidate projects have been coordinated with and approved by the office or agency having oversight for the functional area

- Establishes and fosters an environment to facilitate successful FCT projects
- Coordinates and resolves FCT funding issues
- Appoints a Project Manager to be responsible for each FCT project
- Reviews FCT reports and documents for accuracy and consistency
- Participates in FCT IPTs, as needed
- Participates in FCT-related diplomatic and congressional activities
- Provides information to the current and potential FCT community (including major program managers, test facilities, and operating commands) and facilitates the exchange of information within the community
- Provides timely and accurate input to OSD for reports, documents, and inquiries, noting any significant changes in project status
- Supports OSD FCT activities
- Conducts on-site visits, as needed, to determine project progress
- Monitors and reports procurements resulting from FCT
- Ensures completed projects are fully closed out: test report and final briefing are provided to the foreign government and vendor, financial data are fully reconciled, closeout report is forwarded to OSD for inclusion in the Annual Report to Congress
- In coordination with the OSD FCT office, educates the DOD Acquisition (Service/USSOCOM) community about FCT
- In coordination with the OSD FCT office, educates foreign governments and foreign vendors about FCT

DOD Component Acquisition Executive (CAE)

A single individual within a DOD Component who is responsible for all acquisition functions within that Component. This includes Service Acquisition Executives (SAEs) for the military departments and acquisition executives in other DOD Components, such as USSOCOM and Defense Logistics Agency. Among other responsibilities, the CAE:

- Provides the highest level acquisition oversight within the Services or USSOCOM
- Insures that FCT projects are consistent with Service/USSOCOM acquisition strategies
- Influences allocation of procurement funds

Program Executive Office (PEO)

An office assigned by the senior acquisition executive in a Service or USSOCOM to oversee a group of projects (including related FCT projects). A general officer or senior executive service civilian normally directs the Program Executive Office. If a vendor has issues that are not being addressed or considered at the individual project level, grievances would normally be brought to the attention of the PEO. The PEO:

- Monitors the status of projects and receiving reports from project managers
- Ensures that FCT projects are managed with an eye toward procurement

- Serves as the decision authority for assigned projects

User

The user has the mission need to meet or an operational requirement that must be improved upon. The user is the warfighter, soldier, sailor, aircrew, maintainer, or anyone who uses or operates the equipment. The term warfighter refers to the users in the warfighting commands of the U.S. Armed Forces.

The users/warfighters play the most significant role in the FCT process because they determine the requirement for an item and are also the ultimate beneficiaries of the Program. Users must be involved in the FCT process from the beginning and must be included on the FCT IPT. User involvement helps define key performance parameters to ensure that the items being tested will meet validated needs. The user:

- Identifies needs and initiates the process to validate a requirement
- Works with the organization responsible for writing and obtaining formal approval of a requirement on behalf of the user/operator
- Identifies user interest in a vendor's product
- Assesses potential of vendor's product to meet a validated requirement
- Establishes key performance parameters in conjunction with the FCT project manager
- Helps determine what testing is necessary to evaluate an item properly
- Participates as a member of the FCT IPT

A user advocate is the Service/USSOCOM organization that formally documents a requirement. In the Army, the Training and Doctrine Command normally fulfills this function. For the Navy, this responsibility falls to the office of Chief of Naval Operations (N7). For the Marine Corps, it is Headquarters, U.S. Marine Corps, Combat Development Command (MCCDC). For the Air Force it is the Deputy Chief of Staff for Air and Space Operations (HQ/AF XO), and for USSOCOM, it is Special Operations Acquisition Center or the Combat Developers at the Component Commands.

Sponsoring Organization

The Army, Navy (including the Marine Corps), Air Force, and USSOCOM sponsor and conduct individual FCT projects. Within each of these sponsoring organizations exist points of contact responsible for planning, executing, monitoring, and reporting on projects to the OSD FCT Program Office. Points of contact at the major commands and other organizations may also be involved in the proposal process or in the testing and evaluation of foreign items.

The Services and USSOCOM nominate projects for FCT funding based on requirements or mission area shortfalls identified by the user/operator/warfighter. The Services and USSOCOM must consider their competing requirements when prioritizing FCT proposals and must identify sponsor organization dollars for procurement.

Project Manager (Sponsoring Organization)

The sponsoring organization designates a project manager for each FCT project. Normally, the FCT Project Manager is in a material development organization. The FCT project manager:

- Interfaces with the operational user on potential FCT projects
- Establishes and leads the FCT project IPT
- Determines the FCT acquisition strategy and supports contracting strategy
- Develops cost and schedule estimates and evaluates alternatives
- Develops and submits the FCT proposal to the Service-level FCT office
- Determines test locations, test and evaluation organizations, test schedule, and costs
- Plans for release of the test report to vendors and others, as required
- Executes the funded FCT project consistent with the approved proposal
- Actively manages project cost, performance, and schedule in accordance with guidance from the OSD FCT office
- Immediately reports on issues affecting the success of the FCT project
- Submits required reports and information on the funded FCT project
- Notifies the Service/USSOCOM FCT Project Office of deviations along with actions needed to bring the project back within baseline parameters
- Keeps abreast of procurement potential during all phases of an FCT project
- Maintains awareness of U.S. and international political sensitivities associated with the FCT project
- Provides assessments of contractor performance
- Executes the decision, in concert with the operational user and the materiel developer, to procure production items after a successful FCT evaluation
- Manages the procurement process or coordinates with the responsible Service representative
- Reports to the Service FCT Program Office any procurements resulting from the project
- Prepares the project test report, final briefing to foreign government and vendor, and closeout report in a timely manner. PM must coordinate reports and briefings through the Service and OSD

Integrated Product Team (IPT)

The IPT helps project managers from project inception to completion. The Team may change composition over time but includes representatives of all organizations and activities necessary to make plans and decisions related to project cost, conduct, schedule, performance, and certification of the item under test. In particular, an FCT IPT will include the foreign vendor, OSD and Service/USSOCOM FCT Program Office representatives and official certification board representatives. The IPT:

- Supports the project manager for project inception, conduct and reporting
- Provides information for a thorough FCT proposal

- Helps design a cost-effective test plan
- Determines key performance parameters and critical issues
- Identifies problems and determines solutions to keep projects on track
- Informs the project manager of anything that affects project schedule such as cost, performance, politics, or procurement potential
- Plans for foreign disclosure issues and foreign visitor access to United States test sites and meetings

Contracting Officer

A U.S. government contracting officer awards the contract to the foreign firm. Contracting officer responsibilities include:

- Participates in FCT IPTs for active or potential projects
- Participates early in the development of the FCT acquisition strategy and contracting strategy, pays particular attention to production procurement expectations
- Ensures FCT sources sought notices specifically include provisions specifying non-developmental items with procurement potential

Test Organization

This is the organization selected by the FCT PM to conduct the FCT test and evaluation. The test and evaluation is normally performed by a U.S. commercial contractor, a DOD laboratory, or a Service test facility, but may also include foreign test organizations. The test organization:

- Recommends quantifiable, objective measures to evaluate key performance parameters
- Develops a detailed test plan (tasks and schedule) and conducts the test
- Provides timely assessment of Key Performance Parameters (KPPs)
- Provides a coordinated test report

Laboratories

Laboratories in the DOD are usually not procuring activities and do not normally have funds for production procurements. They often provide test support or guidance in the FCT. A participating laboratory:

- Provides technical advice to sponsoring organization project managers and selected user/operators
- Participates as members of the FCT IPT, when requested
- Assists in testing development and conduct, when requested
- May perform as the test organization if requested by the FCT project manager

Program Element Monitor (PEM)

An Air Force term for the person who controls a Program Element number (e.g., 11127 - B-2, 27133 - F-16, etc.) containing Air Force funds. The PEM:

- Validates the availability of Air Force RDT&E funds for test and evaluation of competing U.S. items (if any)
- Validates the availability of Air Force procurement funds for item acquisition following a successful FCT test
- Participates as an IPT member, when requested

Resource Sponsor

A Navy term for the individual that controls Navy funds for procurement. The Resource Sponsor responsibilities are similar to those listed under Program Element Monitor entry.

Requirements Sponsor

A Navy term for the organization responsible for documenting and validating requirements. The requirements sponsor:

- Writes and staffs formal requirement documents (i.e., Mission Need Statement and Operational Requirement Document) for the Navy, on behalf of the user/operator
- Participates as member of the FCT IPT, as required
- Assigns priorities based on Navy requirements
- Formally validates Navy requirements

Systems Command (SYSCOM)

A Systems Command is a Navy and Marine Corps term for a command responsible for research, development, design, construction, test, evaluation, procurement, logistical support, and disposal of items that meet warfighter requirements in major warfare areas (e.g., sea, air, C4I, and expeditionary warfare). A SYSCOM manages, coordinates and supports all acquisition programs for PEOs, DRPMs, and Program Offices that come under its warfare area(s). A SYSCOM:

- Manages the FCT Program at the SYSCOM level, reporting to the Service FCT Office
- Responds to the Service FCT Office on questions, direction, guidance, and FCT coordination activities
- Executes the duties and responsibilities delegated by the Service FCT Office for their requirements and programs
- Prepares FCT Program reports, information, and recommendations to the Service FCT Office for review and coordination prior to submittal to the OSD FCT office
- Guides IPTs in building cost-effective test plans, identifying, analyzing, and leveraging off existing test data and planned test events

System Program Office (SPO)

An Air Force wing-level organization responsible for managing the research, development, test, evaluation, engineering and manufacturing development, production, modification, sustainment, and worldwide deployment of Air Force equipment.

Materiel Developer

A Materiel Developer is an Army term for a command or agency responsible for research and development and production validation of an item. Responsibilities include:

- Participates in or supports the FCT IPT when requested
- Guides the IPT in building a cost-effective test plan, identifying, analyzing, and leveraging off existing test data and planned test events
- Being knowledgeable of Office of the Secretary of Defense directives and correspondence relating to the FCT Program

Defense Contract Management Agency (DCMA)

The DCMA has offices worldwide and is responsible for ensuring foreign contractor compliance with cost, delivery, technical, quality, and other terms of a contract. DCMA:

- Manages contracts, including: conducting post-award conferences, administering payments and negotiating modifications, termination and close-out activities
- Monitors quality assurance of contractor processes in areas such as warranty items, measurement and test equipment, first article processing, and records keeping
- Provides program and technical support services such as coordination of cost/schedule control systems criteria, pre-award surveys, and monitoring of the contract's progress
- Assists in the development of contract specifications and reviews the adequacy of safety specifications
- Ensures safety and environmental compliance with the contract and recommends approval/disapproval of waivers
- Advises and assists the host country with transportation and movement

The DCMA's homepage <http://www.dcmc.hq.dla.mil/> provides additional information on their mission, functions and capabilities.

Defense Finance and Accounting Service (DFAS) and Service/USSOCOM Financial Managers

The Services' accounting systems now fall under a common DOD "financial system" to streamline the finance and accounting process. For FCT programs, DFAS provides official accounting data, allowing the Service/USSOCOM financial managers to track funding obligation and expenditure status. Each financial manager:

- Participates in FCT IPT for active or potential projects
- Provides current obligation and disbursement status
- Provides accurate and timely billing posting
- Eliminates duplication of billings' posting
- Eliminates mismatched disbursements
- Provides one disbursing station for common customers/recipients
- Ensures proper charging to appropriations
- Documents current obligation and disbursement status and compares performance with OSD-provided financial performance goals
- Assists project managers with required financial reports

U.S. Embassy Representatives and Offices of Defense Cooperation (ODC)

Various DOD organizations have representatives overseas. These representatives, such as ODCs, Defense Attaché offices, Air Force Liaison Offices, and Army Research, Development and Standardization Groups are often located in or near U.S. Embassies. They are uniquely positioned to interact with foreign vendors and foreign government organizations concerning the FCT Program. The in-country representative:

- Provides information regarding U.S. requirements and U.S. acquisition programs to the host country
- Informs host country government and industry representatives about how the FCT Program operates
- Serves as interface for Government-to-Government, Government-to-Industry, and U.S. industry-to-host country industry contact and coordination, including visiting foreign vendor sites to monitor project status, witness testing, or helping resolve host country concerns
- Serves as IPT members, when requested
- Identifies FCT opportunities, equipment and vendors to the FCT representatives
- Provides language assistance

FOREIGN VENDORS AND U.S. PARTNERS

Vendors with non-developmental items should consider the FCT as a way of introducing their product(s) to the U.S. market. Vendors should market their products at trade shows and present their products to potential users. Vendors also need to watch for Requests for Information,

Requests for Proposals, and Sources Sought announcements in the CBD to identify opportunities where their non-developmental item could be applied to a Service/USSOCOM need. The CBD is available on the World Wide Web at locations such as <http://cbdnet.access.gpo.gov/>.

While there is no requirement for U.S. production of foreign items, one avenue foreign vendors might pursue to strengthen their marketing efforts is industrial teaming. A teaming arrangement can include work sharing or perhaps U.S. production of a foreign-developed item under license. Teaming can lead to long-term industrial relationships and provide both partners a presence in the international market.

A foreign vendor's product is at the heart of the FCT Program. The foreign vendors are the source of the non-developmental items, and their support for and understanding of the FCT Program is key to the project's success. The vendor:

- Monitors the CBD for sources sought solicitations pertaining to their products
- Brings world-class products for FCT consideration to the attention of Service or in-country U.S. representatives
- Provides information to the sponsoring organization's FCT project manager as IPT participants
- Informs the sponsoring organization's FCT project manager about existing test and evaluation information and data on their products
- Markets products to the user
- Informs the sponsoring organization's FCT project manager about existing contracts that might already be in place to obtain test articles
- Provides pricing and availability data
- Understands avenues other than FCT for selling items to the DOD
- Assists in the test plan development, conduct and evaluation
- Looks beyond the FCT effort and focuses on the production/procurement phase

Vendor (U.S. Domestic)

U.S. vendors are involved in the FCT Program either as teaming partners for foreign vendors or as competitors. As a teaming partner, the U.S. vendor acts in conjunction with the foreign vendor. A U.S. competitor in a comparative test has the same responsibility as the foreign vendor. However, the sponsoring organization must fund the test and evaluation of the domestic product. In any comparative test involving more than one foreign product and/or domestic product all proprietary data for each contracting team is kept separate from all others.

The vendor representative provides advice and assistance to organizations involved in FCT efforts. Some foreign vendors make a business decision to employ consultants or representatives in the United States.

FOREIGN GOVERNMENT ORGANIZATIONS

The primary foreign government organizations involved in the FCT Program include foreign embassy representatives, such as Defense Attaché Office (DAO) or Defense Cooperation Office (DCO) or the diplomatic section that handles industrial and economic issues. The DAO or DCO will monitor the progress of FCT projects for vendors from their nation and this office plays an important role in expediting communications and exchanging information. Early involvement in the FCT process by foreign government organizations can be instrumental in overcoming obstacles that threaten project success.

The most successful foreign government organizations also play a role as scout for their country's vendors. For example, embassy representatives are uniquely equipped through normal social, political, economic, and military contacts to become aware of FCT opportunities. Additionally, foreign military staffs familiar with proposed FCT items could provide valuable information to a sponsoring organization. Specifically, the foreign government organization:

- Helps coordinate international loan and data exchange agreements
- Accompanies their vendors on visits to the DOD, the senior-level staff at the Services, USSOCOM, Program Executive Offices, and the OSD FCT office
- Participates as a member of FCT IPTs
- Alerts their vendors to potential FCT opportunities
- Alerts Service and USSOCOM personnel about foreign non-developmental items that may satisfy U.S. requirements

THIS PAGE INTENTIONALLY BLANK

CHAPTER 3

THE FCT PROPOSAL PROCESS

An FCT proposal is a formal document that the sponsoring organization submits through Service or USSOCOM channels to the OSD FCT Program Office to request FCT funding for each specific project. The **Summary Proposal** is a short, one-page summary noting the amount of funding to be requested and a brief description of the testing to be accomplished. The **Full FCT Proposal** provides information to determine the suitability of the project for the FCT Program, and highlights the procurement potential of an item (See Appendix A for both). The emphasis on procurement underscores the FCT Program's principal purpose as an acquisition program.

The information required in an FCT proposal and why the information is important are discussed below. The Appendix section contains the FCT Summary and Full proposal format, but readers should check the FCT Homepage <http://www.acq.osd.mil/sts/fct/> for the most current version before proceeding. The Services and USSOCOM welcome ideas for FCT projects at any time.

PROPOSAL PROCESS

The FCT proposal process helps establish a success-oriented approach for an FCT project. Recently, particular attention has focused on:

- 1) Likelihood of procurement by identifying the availability and timing of the sponsoring organization's procurement funds and reviewing the sponsoring organization's acquisition strategy (and the accompanying contracting strategy) to acquire production articles assuming a successful evaluation.
- 2) Early coordination among all interested parties (sponsoring organization, contracting agency, foreign industry and any U.S. partners, foreign embassy staff, testing organizations, user representatives, program element monitors, OSD FCT Program Office, Service/USSOCOM FCT staff offices, etc.) through the use of IPTs.
- 3) Using the FCT proposal evaluation criteria when evaluating a proposal. These evaluation criteria are discussed later in this handbook.
- 4) Shifting of test and evaluation efforts towards more cost-effective testing by judicious use of existing test data.

PROPOSAL CYCLES

The annual cycle for receiving and processing Service and USSOCOM "in-cycle" FCT proposals begins in December with the receipt of Service and USSOCOM Summary Proposals. The Summary Proposals assist the OSD FCT Program Office in preparing the President's Budget, and allows a preliminary look at the extent of the projects for the upcoming cycle. The Summary

Proposal submittal is the result of the interaction among the user/warfighter, the vendors, and the respective FCT offices at the Service/USSOCOM level to match an item/product with validated requirements.

The Service and USSOCOM FCT offices work with the sponsoring organization in preparing the Full Project Proposal. This proposal thoroughly describes the item(s) to be tested, the general test plan, the cost of the project, and the procurement potential of the proposed item. This Full Proposal is submitted to the OSD FCT office in March. The thoroughness and accuracy of the proposal preparation process provides a foundation for a successful FCT project. After discussions with the sponsoring organizations, the OSD FCT Review Committee meets to prioritize proposals and allocate anticipated FCT funding to the highest priority proposals.

Subsequent to final review, the OSD FCT office prepares and sends notification letters to Congress listing individual projects recommended for funding. At the end of the 30-day Congressional notification period — if there are no objections from Congress, and the Congressional budget is approved — sponsoring organizations are notified of project approval and level of funding available to obtain, test, and evaluate items for their approved FCT projects. While most FCT projects are funded for no more than two years, complex equipment or tests of sophisticated systems can be funded for longer periods. The proposal cycle ends with the transfer of FCT funds to the sponsoring organizations to execute the approved projects (generally in October).

The OSD FCT Program Manager will accept proposals from the Services and USSOCOM at any time of the year. Execution of “out-of-cycle” proposals depends on FCT funding becoming available from slow executing or canceled FCT projects. While historically a few FCT projects will be terminated during the year, there is no way to anticipate the amount of funding that may become available to initiate “out-of-cycle” projects. Unobligated funds from previous years are always subject to scrutiny by Congress and are vulnerable to recall. “Out-of-cycle” proposals should use the same “in-cycle” proposal format. If not funded as an “out-of-cycle” project, the project proposal may be resubmitted for consideration as an “in-cycle” for the subsequent submission cycle. Similarly, proposals recommended for funding during the “in-cycle” review but not funded due to budget constraints may be funded as an “out-of-cycle” if funding becomes available. The Services and USSOCOM may, in addition, improve and resubmit proposals not recommended for funding during a previous cycle. Congressional notification procedures also apply for “out-of-cycle” proposals prior to funding.

HOW TO START AN FCT PROPOSAL

The identification of a world-class foreign non-developmental item that may have potential for use by the U.S. military to fulfill a validated requirement or operational shortfall starts the FCT proposal process. Anyone can submit an idea for consideration for FCT funding. The submitter should contact a Service/USSOCOM FCT representative listed at the FCT website <http://www.acq.osd.mil/sts/fct/>.

As a minimum the information required to initiate an FCT proposal are:

- SUBMITTER: (name, address, phone number, e-mail address)
- MANUFACTURERS/VENDORS: (list company, country, and product name)
- PROJECT / EQUIPMENT DESCRIPTION: (a brief paragraph describing product and application intended or military need that will be met)
- CURRENT STATUS : (where is this product being used today, country, military units, etc)

A potential FCT item may also may be identified by a number of other methods:

- U.S. market investigations
- Foreign vendor marketing
- U.S. military user seeing a viable foreign item, for example, observation of the item in use during coalition operations and exercises or by an in-country U.S. representative of the host nation's military using the item
- Observation of a foreign item or state-of-the-art technology at military conventions or conferences or industrial trade shows
- Targeted searches for materiel to satisfy urgent military requirements
- Vendor demonstrations to military users, materiel acquisition professionals in the DOD, or high-level military personnel
- U.S. representatives overseas, such as the Offices of Defense Cooperation, USAF Liaison Offices, and Army Research, Development and Standardization Groups, can help identify potential foreign vendors

The next step in the FCT process is matching a potential FCT item with a valid military requirement. The DOD uses a requirements-based funding philosophy; a validated requirement is critical to any FCT project approval. The FCT Program evaluates items to satisfy user requirements and if there is no validated requirement for an item, FCT funds will not be provided. Normally the validated requirement is found in an Operational Requirements Document (ORD). In absence of an ORD, a Mission Need Statement (MNS) is essential (the more recent the better). In some cases, however, an urgent need can be documented in a letter from a requirements authority.

After identifying a foreign item of interest and validating the requirement, the next step in the process is determining procurement potential. Unless there is sufficient interest in procuring and fielding an item after a successful evaluation, there is little reason to conduct an FCT project. The project manager must determine that sponsor procurement funding is available in the amount and timeframe needed to procure the item after testing. A general/flag-level letter of support indicating that the equipment will be procured if it tests successfully increases confidence in Service commitment to the project. A general/flag-level letter of support is required if procurement funding is not clearly linked to the purchase of a successfully tested foreign item. Bottom-line: a solid letter of support will help support your proposal in the project approval process.

Given these—a world-class foreign item, a validated requirement, and procurement potential—the sponsoring organization’s project manager convenes an Integrated Product Team (IPT). This team gathers information and drafts a proposal for an FCT project. At this time, the IPT formulates and submits for publication a CBD announcement to begin the market survey for all likely contenders and to foster competition as required by law. The IPT determines if the foreign item being proposed for evaluation is in production, in use by a foreign country, and offers a performance and/or cost advantage. After a thorough market survey, the project manager, in conjunction with the IPT and Vendor representative, writes a draft FCT proposal. The project manager forwards the completed draft proposal to the Service/USSOCOM FCT Program Office. If the Service FCT Program Office judges the project proposal ready, it is forwarded to the OSD FCT Program Office for consideration. After successful review and approval, the sponsoring organization staff finalizes and submits the final proposal as part of the annual cycle. This same sequence is followed for “out-of-cycle” submissions, the difference being that “out-of-cycle” projects can be submitted at any time during the year and can be funded only if FCT funds become available from terminated or slow-executing projects.

EVALUATION CRITERIA

The next step in the FCT proposal process is a review by the OSD FCT Program Office to select projects for funding. This review evaluates a proposed project against specific criteria shown in Table 3-1 to determine if the proposal qualifies for FCT. An FCT proposal writer must understand the rationale behind these criteria and provide the necessary information when submitting a proposal. The best way to obtain the required information is to form an IPT early in the process and ensure that necessary organizations are represented. Projects that most closely meet all of the criteria listed below and have strong support from senior leaders (Flag Officer/Senior Executive Service) have the best chance of selection.

Table 3-1 FCT Proposal Evaluation Criteria

- | |
|--|
| <ol style="list-style-type: none"> 1. ITEM IS FOREIGN 2. USER ADVOCATES PROJECT (JOINT, SINGLE SERVICE/AGENCY) 3. VALID REQUIREMENT EXISTS 4. MARKET INVESTIGATION IS RECENT, THOROUGH, AND COMPLETE 5. PROCUREMENT POTENTIAL AND VIABLE ACQUISITION STRATEGY EXIST 6. ITEM IS NON-DEVELOPMENTAL 7. FUNDS ARE AVAILABLE TO TEST DOMESTIC CONTENDERS (IF APPLICABLE) 8. ITEM IS IN USE BY HOST NATION (DESIRED) 9. TEST COST/SCHEDULE IS REALISTIC 10. VENDOR PARTICIPATES IN FCT PROPOSAL AND TEST 11. LOGISTICS ISSUES ARE ADDRESSED 12. CERTIFICATION AND ISSUES AFFECTING PROCUREMENT DECISION ADDRESSED 13. PROJECT BENEFITS U.S. (COST/SCHEDULE/PERFORMANCE) |
|--|

1) Is the item foreign?

By law, FCT funds can only be used to test and evaluate foreign items. The FCT Program is used in the following situations: No U.S. system meets the requirement(s); the proposed foreign item appears to offer significant cost, schedule, or performance advantages over a U.S. system under development, in production or in field use; the foreign item has the potential to correct an operational deficiency or shortcoming; or the foreign item presents a promising procurement alternative for military equipment, munitions, or a related technology.

Where questions exist, a determination of the origin is necessary to ensure compliance with the law. The methodology for determining the relevant disposition of a product is found in Federal Acquisition Regulation Part 25 and in the Defense Federal Acquisition Regulation Supplement Part 225. If ambiguity still exists after referring to these regulations, a legal interpretation must be obtained by the sponsoring command and provided to OSD.

2) Is there user/warfighter advocacy with general/flag officer level support?

The importance of user advocacy for an FCT project cannot be overemphasized. The user generates requirements in the U.S. Department of Defense acquisition system, and the user must specify to the sponsoring organization staff which requirements will receive funding for procurements. The user's continuing interest in satisfying a requirement helps maintain procurement funding as the annual Service and USSOCOM budgets are reprioritized each year.

General/flag-officer level support for an FCT project helps ensure funding for procurement after a successful FCT evaluation. A general/flag-officer level letter indicating the intent to procure if FCT testing is successful demonstrates the commitment of the Service or USSOCOM to the FCT project. Likewise, a sponsor's inability to garner general/flag officer-level support may be an early indication that there is no serious intent to procure after the FCT is completed.

The FCT proposal notes the willingness of the foreign government and/or industry to absorb part or all of the costs associated with providing test articles. It also shows any willingness of the Services and USSOCOM to share test costs. The Service and USSOCOM FCT offices exchange their proposals to determine if there is a shared interest. This early joint consideration avoids duplication and additional costs. Where joint interest and support exist, a project is likely to have increased procurement potential and a higher probability of receiving FCT funding. In this case the proposal should include endorsement from one or more Unified CINC's, a signed inter-service Memorandum Of Understanding (MOU) or similar document.

3) Is there a validated requirement?

The Department of Defense does not buy things for which it has no requirement. Therefore, a validated requirement is critical to any procurement after a successful FCT. Vendors wishing to make informed business decisions concerning FCT should understand the importance of the relationship between validated requirements to potential sales. Requirements are normally in the

form of a Mission Need Statement (MNS) and an Operational Requirements Document (ORD). The MNS describes broad requirements while defining no materiel solution, whereas an ORD addresses how a materiel solution will be operationally employed to satisfy part or all of a MNS. In unique cases, an urgent need can be documented in a letter from a requirements authority.

Vendors should ask about requirement documents to determine whether their product can satisfy the requirements. In situations where a requirements document is classified and none of the traditional methods of release are possible, the proposal should include the following:

- Titles of Mission Needs Statements and/or Operational Requirements Documents
- Date the validated requirements document was signed
- Name and rank of the signatory
- Classification of the documents

Providing information in the requirements documents to a foreign vendor allows them to make informed business decisions on whether they should participate in the FCT and at what risk. Consistent with U.S. disclosure policy, foreign embassy personnel in Washington D.C. and U.S. personnel overseas can help facilitate the transfer of such information and documents in selected instances.

FCT projects evaluating foreign items that enhance or modify prime equipment already in the U.S. inventory must consider the remaining service life of the equipment. The probability an existing end item will be in the inventory at FCT completion and the probability the foreign item will be available for integration at the necessary time becomes a deciding factor during the FCT review and selection process. Service policies restricting expenditure of funds to upgrade prime equipment nearing the end of its service life must be considered before proposing a project.

4) **Is there a recent market investigation?**

In compliance with the law, the FCT Program requires a global market investigation be completed prior to spending FCT funds. The intent is to ensure all worthy products (U.S. and foreign) are identified prior to starting an FCT project. Although no perfect system exists to ensure all foreign and domestic products are identified, OSD FCT requires the sponsoring organization to publish a “sources sought” inquiry in the CBD. All Federal procurement offices are required to announce in the CBD proposed procurement actions over \$25,000 and contract awards over \$25,000 that are likely to result in the award of any subcontracts. In some cases more than one CBD announcement may be required. For example, an initial announcement would identify existing capabilities to help define the requirement and a final would address the procurement potential. The CBD lists notices of government areas of interest, proposed government procurement actions, contract awards, and other procurement information. A new edition of the CBD is issued every business day. Each edition contains up to a thousand notices divided into categories, and notices appear in the CBD only once. The CBD with information on how to use it is available on the World Wide Web and two of the many access sites available are: <http://cbdnet.gpo.gov/> and <http://www.govcon.com/>. Additionally, a link to the CBD is at the FCT web site.

Since many potential vendors are unfamiliar with or do not have easy access to the CBD, copies of the CBD announcements should be made available to the OSD FCT office. Also, the OSD FCT Program Office enlists the aid of U.S. representatives overseas in identifying candidate vendors by notifying them of the CBD announcements or forwarding short descriptions of the candidate projects. In addition, vendors may check the FCT web site for a list of upcoming projects in which they may be eligible to participate. Vendors should also keep in contact with the Service and user representatives, both through their web sites and by phone, e-mail, and face-to-face meetings.

The proposal provides a written summary, including the results, of a thorough market investigation to determine the availability of similar equipment and identify potential U.S. and foreign vendors. The proposal should indicate whether further market investigation is required to support a sound acquisition strategy. A complete and thorough global market survey lessens the likelihood of a vendor lodging a complaint after an FCT project is completed. When this situation occurs, it results in a dilemma for the contracting officer and can lead to a lost procurement opportunity.

5) **Is there a reasonable opportunity for acquisition after the FCT?**

The sponsoring organization shall determine the procurement potential of an item. FCT does not exist simply to fund tests and evaluations. The FCT Program is a means to procurement if the item meets requirements and provides best value. Congress, the Department of Defense, foreign industry, and the foreign governments are all interested in procurements after a successful FCT and can facilitate that procurement. While each project is considered on its own merits, the absence of identified procurement funding (or a letter of intent to obtain procurement funding from the general/flag officer level) may result in no FCT funding for a candidate project. The proposal must identify procurement and support funds available in the Future Years Defense Plan (FYDP) within the DOD Component to satisfy the requirement against which the foreign item is being evaluated. In lieu of funds in a Program Element, a general/flag officer letter promising to seek procurement funds is a necessity.

If procurement funds are not identified in the FCT proposal, the OSD FCT Program Manager will consider the proposal as a technical assessment—the lowest priority for FCT funding and the least favored by allied governments and foreign vendors. Even with procurement funding identified, a project can still flounder if the sponsoring organization does not have a sound acquisition strategy. Prior to formal submittal of the proposal, the sponsoring organization must consider how the acquisition of production items will occur (sole source, full and open, production options to the basic test contract, etc.). This is discussed further in Chapter 6.

6) **Is the item non-developmental?**

The FCT Program's focus is on testing and evaluating world-class foreign non-developmental items. Under the FCT Program, non-developmental items are those that are already developed and have potential military application without major modifications. The item may be commercial or military. The FCT Program cannot be used as a substitute for research and development

collaboration. For more information on non-developmental acquisition see <http://www.dsp.dla.mil/documents/sd-2/>.

7) **Is funding identified to test and evaluate credible U.S. contenders?**

The FCT Program by law cannot provide funds to test and evaluate U.S. items. Therefore, a sponsoring organization must provide all funding to test and evaluate credible U.S. contenders to the same requirements in the same timeframe as the foreign item. The sponsor should identify funding by Program Element (PE) and have the authorization and approval of the PE Manager to test and evaluate credible domestic contenders. If sponsor funds are not available to simultaneously test and evaluate the domestic contenders, FCT funds will not be provided to test the foreign items. Foreign vendors need to be aware of this stipulation as past FCT projects have been canceled or delayed while waiting on sponsor funding to evaluate competing U.S. items.

8) **Is the item in use or soon to be in use by the host nation?**

A question that normally surfaces during the FCT review and selection process is whether a foreign article proposed for FCT evaluation is fielded by the host nation. An item already in use helps demonstrate the viability of the item and also provides a data source on real world use that may be leveraged to reduce the time and cost of FCT evaluation of the item. The proposal should also address interoperability and support considerations (e.g., is the item or system in or about to enter into service with one or more allies or friendly countries?).

9) **Is the proposed test approach cost effective?**

The FCT Program cannot afford to fund projects that propose an ineffective or inefficient test approach. The test plan must recognize the differences in testing a non-developmental item as opposed to a developmental item, must leverage existing developmental and operational test and evaluation data, and must focus on testing key performance parameters early. See Chapter 5 for a more in-depth discussion on cost-effective, timely testing.

10) **Is there evidence of foreign vendor participation in the FCT proposal development?**

The project manager must involve foreign vendors in the development of the FCT proposal. Foreign vendors can provide key information, to include identifying existing test data and the procedures used to obtain the data, general leasing or purchasing costs, and hardware availability. Existing test data, funded by the vendor or by the vendor's government customer, must be considered in developing a project test plan. With tight budgets, we cannot afford to duplicate testing. Therefore, the proposal must include contact information for the technical advisor at the foreign vendor.

Vendor participation is generally defined as:

- The vendor has been asked to identify and discuss testing
- The vendor has been asked for test article availability and general pricing information

- The vendor's sharing in the risks has been discussed (no-cost loan of the test item, low-cost lease of the test item, vendor service and test support)
- The vendor has seen the proposed test approach the sponsoring organization intends to use for the FCT project
- The vendor has been provided an opportunity to offer feedback to enhance or add realism to the proposed FCT project

Early vendor participation saves time, cuts program risk, and can avoid costly re-testing of the foreign item.

11) **Are logistics considerations addressed?**

An area that often gets overlooked is the availability and cost of logistics support. The maintenance concept must be identified prior to equipment being fielded by U.S. forces. This includes maintenance level of support, availability of spares, repair parts, use of contractor maintenance support, shelf-life, and other such factors.

12) **Does the proposal address certification requirements?**

Munitions, aircraft stores clearance, safety, and other issues require certification by designated expert panels, such as the Weapon Safety Evaluation Review Board, Seek Eagle certification review panel, etc.

13) **Does the proposal provide an estimate of savings?**

The proposal must estimate savings to the U.S. in terms of cost avoidance due to not duplicating R&D accomplished by our friends and allies, lower procurement costs, and lower total operating costs.

ESTIMATING FCT BENEFITS (METRICS)

The FCT Program benefits the United States in both tangible and intangible ways. Among the tangible benefits are cost avoidance in research, development, test and evaluation, lower per-unit procurement costs, reduced life-cycle costs, increased production quality, and accelerated fielding of the item to the operators (which translates into improved readiness).

An important, though intangible, benefit comes from strengthened relationships with allies and friends. FCT is one avenue that demonstrates the U.S. commitment to a two-way street in international armaments cooperation and defense procurement. In addition, industrial partnerships resulting from FCT can lead to further cooperation in the global marketplace.

Ultimately, the true measure of the FCT Program's success is procurement after a successful evaluation. The selection process for funding priority ranks FCT proposals based on the potential for procurement when the foreign item satisfies the validated requirements and provides best value. The proposal should address the following cost benefits:

- **Cost avoidance in U.S. RDT&E**

Every FCT project that leads to production procurement has the advantage of avoiding RDT&E costs had the U.S. sponsored the development. Estimating the RDT&E cost avoidance can be accomplished by several methods including: determining cost to fund a similar U.S. developmental project in the past, asking the foreign vendor how much was spent in developing the foreign product, or using cost estimating relationships.

- **Life-cycle cost savings**

Many FCT projects result in reduced life-cycle costs for an end item. Life-cycle savings should be accounted for.

- **Production costs savings**

Foreign non-developmental items can sometimes be less expensive per unit than items in the inventory. These unit cost savings during production should be estimated.

- **Reductions in fielding time**

A foreign item already in production can be fielded with the Armed Forces more quickly than a product developed from scratch. An estimate of the time saved helps quantify the benefit of an FCT project.

In general, an FCT project proposal should be able to demonstrate a cost benefit in one or more areas. This information is of specific interest to Congress.

There are additional, less quantifiable benefits. For example, fielding certain equipment that has the potential to save lives such as the Digital Flight Control System project from the United Kingdom. This FCT solved the Navy's number one safety-of-flight issue with the F-14 fighter, and resulted in an increase of the flight envelope of the aircraft.

CONCLUSION

To better understand these criteria and provide insight into how the proposals are evaluated, Appendix G contains a FCT Proposal Checklist used during the review process to score and evaluate proposals.

Properly answering the questions in this chapter requires gathering and screening key information. Experience has shown that convening the IPT early in the proposal development process and putting together an accurate and convincing FCT proposal is key to project success. Efforts expended at the beginning to ensure that all the evaluation criteria are addressed and met increases the likelihood a project will be funded.

CHAPTER 4

PROJECT MANAGEMENT

- *The mission of FCT is to expedite equipment to the warfighter while being good stewards of the taxpayers' dollars. The job of an FCT project manager is to execute an approved and funded FCT project on time and within budget according to law and regulation.*

Even small FCT projects can reap significant benefits to U.S. Armed Forces. Because millions of procurement dollars may be at stake, even these small FCT projects can have high visibility in Congress and with foreign governments. Congressional committees working with appropriations, foreign affairs, or national security are routinely interested in the FCT Program. This interest may be manifested in questions about funding, relations with a nation involved in FCT, a particular aspect of a project such as compliance with legislation, or concerns about the impact on jobs in the home district. **Early and continuous communication will help ensure a project stays on schedule.** The OSD office will assist by transmitting current information between the FCT project managers and Congress. Therefore, keeping the OSD FCT Program Office abreast of project status and issues is critical.

INTEGRATED PRODUCT TEAMS

A key to successful FCT project management is the early use of an IPT. IPTs are about teamwork and shared responsibility for project success. IPTs bring together the right people at the right time to get the job done in minimal time and minimal cost. Government and industry must work together to identify and resolve issues. Early industry involvement in the FCT effort, consistent with the Federal Advisory Committee Act, is encouraged.

The sponsoring organization's FCT project manager shall establish and lead the FCT IPT. While there is no one-size-fits-all IPT solution, one FCT approach might be structured using a single all-inclusive IPT membership. Another FCT management approach might contain multiple phases with evolving IPT membership. IPT members may include: project manager and sponsoring organization representatives, Service/USSOCOM FCT offices, OSD FCT Program Manager and representatives, foreign vendor, foreign embassy representatives, U.S. ODC or other in-country representatives, weapons certification board representatives, test agency personnel, test range personnel, disclosure office representatives, and other personnel from agencies discussed in Chapter 2. (Note: It is imperative that test-scheduling personnel understand the importance and visibility of the FCT project, and why they must help the project manager preserve range time.) An evolving IPT approach with tailored membership could include phases such as:

- FCT project concept
- FCT project proposal preparation and submittal
- FCT project execution (test conduct, data analysis, and evaluation) and reporting
- Service production procurement

Regardless of the approach, there are three basic tenets to which any approach shall adhere:

- The sponsoring organization's FCT Project Manager is in charge of the FCT effort.
- IPTs are advisory bodies to the FCT Project Manager.
- Direct communication between the project office and all levels in the FCT oversight and review process is the best way to exchange information and build trust. This specifically means including the Service/USSOCOM and OSD FCT Program Managers in each IPT.

FCT IPTs are likely to have many members who are often separated by time and distance which makes physically convening a meeting costly and impractical. A virtual IPT meeting via e-mail, teleconference, and or video teleconference guarantees the timely dissemination of information to all members of the team. Timely information distribution is essential for avoiding or identifying problems early enough to take preventive action.

As a practice, an FCT proposal will not be approved if it does not reflect the use of an IPT. Additionally, FCT funds will not normally be released until a functioning IPT is in place to execute an approved FCT project.

PROJECT MANAGEMENT ACTIVITIES

While all management activities are important for executing a project successfully (whether or not the item itself passes test and evaluation), activities such as identifying all viable candidates including domestic items and identifying the procurement dollars are critical to getting a project approved.

Table 4-1 TYPICAL FCT PROJECT MANAGEMENT ACTIVITIES

• Pre-proposal:
- Identify the validated operational requirements document and sponsor
- Identify the procurement dollars
- Conduct a thorough market survey to identify candidate foreign items and potential domestic contenders for FCT
- Convene Integrated Product Teams
- Address and plan for Release and Disclosure Issues.
• Submit FCT proposal:
- Develop the acquisition plan and contracting strategies
- Develop the test plan, including all test activities
- Determine resources and timing
• Execute the approved FCT project proposal
- Provide periodic status reports
- Manage project funds in accordance with approved project plan
- Provide completed test and financial close-out reports
- Prepare and obtain disclosure for close-out briefing and report for

foreign government(s) and vendor(s)
- Determine and execute procurement decisions
<ul style="list-style-type: none"> • Report procurement decisions and amounts (both initial and follow-on)

Project Baselines

DOD 5000.2-R (Interim) states that it is mandatory for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs establish an acquisition project baseline to document cost, schedule, and performance objectives (desired results) and thresholds (minimum acceptable results) at project initiation. While FCT projects may not be MDAPs or MAISs, it is OSD FCT Program Manager's policy that project baseline charts be done prior to funding an FCT project. This Project Chart will be signed by the project manager and will be kept on file at the Service/USSOCOM FCT office and a copy provided to the OSD FCT office. An FCT project manager cannot manage an FCT project and report the status of the project without the regular use of a baseline to assess project progress and project risk.

The project manager shall immediately report through the Service/USSOCOM channels to the OSD FCT Program Manager any deviations from the baseline schedule of more than three (3) months or ten percent (10%) of the cost as well as any procurement milestone breaches. Before the project manager can make changes to the project baseline, the OSD FCT Program Manager through the Service or USSOCOM FCT focal point must give approval (via e-mail is acceptable).

Financial Management

The OSD FCT Program Manager is responsible for the overall financial management of the FCT Program. These responsibilities entail issuing funds, requesting data, reprogramming funds, analyzing and reviewing budget estimates and accruals, and reporting to higher authorities including the Office of Management and Budget and Congress.

Types of Funds

Funding provided by Congress to the Department of Defense is allocated in different categories. These different categories of money have restrictions on their use and length of availability.

FCT funds are Research Development Test & Evaluation (RDT&E) funds that can be obligated over a two-year period. However, Congress and the Department of Defense Comptroller expect all funds to be obligated within the same fiscal year in which they are provided. The Project Chart that is submitted with the project proposal must reflect this as part of planned execution of the project. This expectation on RDT&E funding is one of the primary reasons why the OSD FCT Program Manager is keenly interested in a sponsoring organization awarding contracts and executing the FCT project on schedule. The sponsoring organization often contributes RDT&E funds as part of a larger effort such as a major acquisition program or for testing domestic contenders to the FCT.

Procurement funds are used to purchase items after a successful FCT. Procurement dollars are provided to the Services and USSOCOM by Congressional action.

Operations and Maintenance (O&M) funds are provided to the Services and USSOCOM by Congress to support routine operating and maintenance expenditures. In certain situations, a sponsoring organization's O&M money may be used to procure items after a successful FCT evaluation.

All FCT IPTs shall determine at the earliest possible time what type of funds, in what amounts, and in what years funding will be available to procure an item if the item passes the FCT and demonstrates best value. The project manager shall determine and monitor the availability of procurement funds by PE, Fiscal Year and amounts programmed.

Budget Formulation

FCT offices at the senior staff level in the Services and USSOCOM are responsible for providing and justifying FCT proposal cost estimates. These estimates are the basis for development of the FCT Budget. FCT proposal cost estimates must be sufficiently refined to defend the estimates before the FCT Review Committee, the Office of Management and Budget, and the Congress.

Budget Execution

Within their respective organizations, FCT offices at the senior staff level are responsible for the day-to-day financial operations, management, and control of FCT funds. These offices have:

- Authority to move up to 10% of the funds allocated from one FCT project to another FCT project provided that: (1) the FCT project designated to receive the funds existed in the same year as funds being transferred (except no new starts may receive current year funding while a continuing resolution authority (CRA) is in effect), (2) that the amount of FCT funds being transferred into or out of an existing FCT project does not exceed 10% of that project's approved funding level for that year, and (3) notification and justification is provided to the OSD FCT Program Manager. Amounts over the 10% limitation require prior written approval (via e-mail is acceptable) from the OSD FCT Program Manager
- Authority to issue approved funding amounts to respective FCT projects
- Authority to withdraw project funds (for example for project non-performance) for redistribution in accordance with OSD FCT Program Manager guidance
- Responsibility to execute budgets with a 100% obligation rate in the year funds are issued and ensure funds are fully disbursed in the second year of the appropriation's life
- Responsibility to prepare and respond to data calls by the OSD FCT Program Manager
- Responsibility to perform financial analysis to establish that project managers are obligating and expending funds within approved budgets and to ensure project execution is proceeding satisfactorily

An important methodology that assists financial and project managers in carrying out the above responsibilities is variance analysis between spend plans and actual obligations. Such analysis

ensures plans are on target, with no loss of funds at year-end, and no over-obligation of funds. Variance analysis is also known as Earned Value Management and is discussed further in Chapter 7.

Disclosure of Information

During the course of planning, execution, and reporting, all FCT projects require exchange of information with foreign vendors and their government organizations. The project manager must plan for disclosure. Planning should take place early in the proposal development process—anticipate what classified and unclassified information (such as a requirements document, test plan, or test report) may need to be passed to whom and when. Also, consider foreign visitor attendance at and participation in test events, foreign vendor representatives support of the test and evaluation, VIP visits and briefings, and release of interim and final test reports to the vendors and their government.

The FCT Project Manager must obtain necessary approval for transferring information to foreign entities. By including the disclosure office on the IPT from the beginning, the sponsor project manager can avoid or reduce the delay in sharing U.S. government information. Moreover, special situations can be identified sooner allowing solutions that are consistent with U.S. government interests and the information requirements of the particular FCT project. In determining what information to release, the PM should consider:

- Is the unclassified information already available in the public domain?
- Has the information been cleared for foreign release by an authorized disclosure authority?
- Has the unclassified information been previously cleared for public release by the Defense Technical Information Center or other reviewing authorities?

Refer to DOD regulations and local disclosure offices for procedures for disclosing classified information to foreigners. Asking such questions and setting the stage for unclassified disclosure early in the management process are signs of a project being managed effectively and establishes an environment of trust and cooperation that will maximize opportunities for success.

THIS PAGE INTENTIONALLY BLANK

CHAPTER 5

TEST AND EVALUATION

Test and Evaluation is the major control mechanism of the acquisition process. The purpose of test and evaluation is to gather objective data to make an informed decision about the tested item's ability to fulfill the requirements and to determine if the item provides best value relative to similar items on the basis of cost and performance.

Test and Evaluation is not a single event but a process conducted in phases requiring coordination with and participation of the test community. Testing in the FCT Program is the process of testing the hardware or software for U.S. defense application. Evaluation is the process whereby data are logically assembled and analyzed to aid systematic decision-making.

The test and evaluation of a foreign item is the responsibility of the sponsoring organization. The selection of test items, test locations, executing test organizations, detailed test procedures, number and types of tests, and pass/fail criteria are determined by the FCT project manager. Once a project has final OSD/Congressional approval, only the project manager can add test articles and then only with OSD FCT PM's approval. The Department of Defense has a keen interest in cost-effective testing, and therefore, both the Service/USSOCOM and OSD FCT Program Offices and the OSD Staff review each candidate project for planned cost effectiveness before funding a project.

Early vendor participation in the FCT proposal process (before proposal submittal) is essential to avoid unnecessary or duplicative testing. The foreign vendor plays an important role in the formulation of a cost-effective test plan since the advantage of testing and evaluating non-developmental items is to avoid unnecessary and/or duplicative testing. A foreign vendor whose item is being evaluated has the most complete knowledge about what test and evaluation data are available from the internal and external developmental efforts and from prior host-country tests.

TEST AND EVALUATION PLAN

Testing of non-developmental items must be sufficient to ensure performance, operational effectiveness, and operational suitability for military application. A tailored test approach leveraging previous testing and operational use of a non-developmental item is necessary if FCT resources are to be conserved. **An ideal FCT Test and Evaluation plan will use all available/acceptable existing test data.** Similarly, the plan should seek to validate key performance parameters with a minimum expenditure of FCT funds. This approach reduces the DOD's financial risk by identifying insurmountable problems early in the test and evaluation process.

The sponsoring organization's project manager develops the FCT Test and Evaluation Plan, often by tasking a subset of the IPT to develop the plan. These subsets may be referred to as the Test

Planning Working Group, Test Integration Working Group, Test and Evaluation Control Group, etc.

One method of designing a test plan is to devise a traceability matrix that lists all requirements, with their associated objective and threshold values, and traces these parameters to specific test procedures. The approved Operational Requirements Document is a prerequisite for meaningful testing and evaluation. Using a traceability matrix can help the project manager address key performance parameters early in the test plan.

The plan should:

- Implement cost-effective testing and evaluation
- Recognize the non-developmental nature of FCT items
- Identify key performance parameters and address them early in the testing phases
- Consider a phased test and evaluation approach, with major decision points
- Leverage previous and ongoing test and evaluation efforts
- Include all credible items (both domestic and foreign) in the same timeframe, testing all items to the same criteria

The most current test plan or Test and Evaluation Master Plan (TEMP) for each active project will be kept on file at the FCT office in the Services/USSOCOM. This plan will be reviewed by the OSD FCT PM as part of the project review process, and no testing will take place without a written coordinated test plan.

COST-EFFECTIVE TESTING

Too little testing risks not knowing if an item satisfies key performance parameters; too much wastes testing money and time; the wrong kind of testing (i.e. developmental vice operational) risks not understanding the effectiveness and suitability of an item, wastes money and time, and is inconsistent with the intent of the FCT Program. Cost-effective FCT testing focuses on the right issues, with the right type and amount of testing, in the right sequence, and at the right time and place.

The Non-developmental Nature of FCT—The Right Approach

Only essential testing should be performed. FCT efforts shall not involve expensive and unnecessary developmental testing for items already in production. Since FCT focuses on non-developmental items, the proposed test and evaluation approach should logically be operationally oriented. Operational tests are structured to determine performance of the foreign item under realistic conditions. The evaluation determines the effectiveness and suitability of the item against the minimal acceptable operational performance requirements (threshold values) as specified in the Operational Requirements Document and those specific requirements designated as key performance parameters.

For some items, statutory requirements dictate that certain testing be done even if data are available. For example, weapons and munitions must demonstrate a certain level of reliability for safety reasons. While these requirements might be imposed on a non-developmental item, the project manager must still be careful to avoid unnecessary testing. In particular, testing specifically required for logistics-type issues, such as certain tasks associated with general type classification, or for tactics-type issues, such as optimizing the use of a satisfactory product under various operational conditions, is beyond the scope of FCT and should be funded by the sponsoring organization.

Key Performance Parameters—The Right Issues

At the beginning of the FCT proposal process, the sponsoring organization must determine the key performance parameters. FCT test phases are based on decision points tied to key performance parameters. A **key performance parameter** is defined as a capability or characteristic so significant that failure to meet the minimum acceptable value (**threshold value**) to satisfy the need is normally cause for project termination. Key performance parameters address questions relating to a system's operational, technical, support, or other capability that must be answered before an item's overall effectiveness and suitability can be evaluated. These parameters are expressed in terms of "objectives" and "thresholds." If no **objective values** (the desired performance of the item) are specified, the threshold values are considered to be the following:

- For performance, the same as the objective value
- For schedule, the objective value plus three (3) months
- For cost, the objective value plus 10 percent (10%)

By listing all specified and implied requirements from the validated requirements documents and working with the user/operator, the project manager determines which of these are critical. The project manager must then determine the key performance parameters and define the required (threshold) and desired (objective) criteria the item must satisfy. Understanding what the users see as "critical" drives the entire test and evaluation decision process. For example, the complex C-17 system had only six key performance parameters. An inadequate or incomplete understanding of what is critical leads to poor decisions on items under consideration.

Testing and evaluating key performance parameters early avoids wasting scarce FCT resources. If a non-developmental item fails to meet a key performance parameter, testing on that item should be halted and the reason for failure carefully reviewed. This review will determine whether to continue the FCT or remove the item from consideration. In the case of a qualification FCT, failure of the item to satisfy a key performance parameter normally results in termination of the project.

Phased Test Approach—The Right Sequence

The FCT project's test strategy should minimize the U.S. Government's financial risk. A phased test approach minimizes FCT financial risk by structuring a contract to purchase test items as they are needed. The first test phase evaluates key performance parameters and subsequent phases evaluate non-critical items offers reduced risk because if an item doesn't pass the first phase, then the purchase of additional test articles can be avoided.

Just In Time Testing—The Right Time

Testing too early before an intended production procurement decision risks that competing items may be developed in the intervening period, or that the requirement may change between completion of testing and procurement after testing. "Just-in-time" FCT testing minimizes this risk.

Test Location—The Right Place

Comparison of test facilities to determine locations where testing should occur is part of designing a cost effective test plan. The FCT project manager should consider a variety of factors. The foremost of these considerations is which test location can conduct the test most cost effectively. The project manager must avoid automatically assuming their traditional Service test locations are best and should consider foreign facilities as well as other Services' facilities in the analysis for the most cost effective solution.

Leveraging Test and Evaluation Efforts—The Right Amount

The project manager should look for previous, ongoing, or planned tests or training or operational exercises that can provide test data on the candidate FCT item. It is important to determine early in FCT test and evaluation planning if someone has, or currently is testing the foreign item and obtain any available test data so a tailored FCT test plan can be formulated.

Such test data can be leveraged in several ways:

- 1) Review of foreign test data during the FCT proposal development may help determine if the item will meet the parameters in the validated requirement
- 2) Analysis of the foreign test data can influence the test and evaluation plan by avoiding costly duplicative U.S. testing and reducing FCT cost and schedule
- 3) Analysis of foreign test data along with the results of the FCT can indicate consistency of test results

There are several ways to obtain previous test data. The usual way is to ask the vendor whose product is being evaluated for test data as well as the names of organizations that might also have data on the vendor's item. If the vendor does not provide the information publicly, the test data exchange can occur within the framework of the IPT. Unless the vendor is part of the initial IPT, the sponsor will not understand what testing 1) the vendor has accomplished or by existing

customers using the product; and 2) is ongoing by potential customers. An FCT project sponsor should receive input from the vendor to develop a credible cost/schedule and test and evaluation plan.

Foreign defense organizations normally have conducted tests on items being considered for the FCT Program. Data or information exchange agreements (DEAs or IEAs) can help facilitate the transfer of existing data. The International Test Operations Procedures (ITOPS) program under the Five Power (France, Germany, the United Kingdom, Italy, and the United States) Memorandum of Understanding (MOU) provides another avenue to exchange test data and reduce duplicative test efforts for selected items of foreign equipment. ITOPS have the character of MOUs/MOAs in that they are individually negotiated and agreed-upon. For countries having no such agreements, T&E data may be obtained using a contract or a separately negotiated agreement.

In the same vein, the project manager should look for opportunities to leverage planned U.S. or foreign test events. This could include joint testing under a bilateral or multilateral Technical Research & Development Program (TRDP) MOU or independent testing and sharing of test results through a DEA or IEA.

TESTING COMPETING U.S. DOMESTIC ITEMS

The test plan for an FCT project must test and evaluate credible U.S. domestic contending products. Competing U.S. items must be tested in the same time period to the same test criteria as the foreign items. **The sponsoring organization must fund all costs associated with testing and evaluating U.S. products**, as the FCT Program can only provide funding for costs associated with test and evaluation of the foreign items.

The “discovery” of a U.S. contender during the FCT must immediately be brought to the Service/USSOCOM and OSD FCT Program Managers’ attention.

THIS PAGE INTENTIONALLY BLANK

CHAPTER 6

PROCUREMENT AFTER THE FCT

The underlying reason for the FCT Program is procurement. If a foreign item evaluated in the FCT Program meets requirements and provides best value, there is an expectation that the item will be procured. This chapter discusses procurement-related topics for FCT such as acquisition strategy and contract strategy, as well as concepts to enhance procurement potential.

Given the FCT Program's emphasis on procurement, developing and documenting an acquisition strategy is a key element on the FCT project manager's checklist. The acquisition strategy serves as the road map for FCT project execution from program initiation through production procurement to post production support.

Procurement funding to purchase production quantities, assuming a successful evaluation, is also a critical FCT management issue. The project manager should monitor the status of procurement funding identified in the proposal. Failure of the sponsoring organization to procure a foreign item that successfully passed test and evaluation and demonstrated best value damages U.S. credibility and threatens the two-way street in armaments cooperation.

ACQUISITION AND CONTRACTING STRATEGY

An acquisition strategy documents the approach a project manager intends to use to acquire or develop an item. A contracting strategy documents the contracting approach to implement the acquisition strategy.

For the FCT Program, the acquisition strategy documents how the project manager intends to acquire the foreign test article and the production quantities assuming a successful evaluation. The contracting strategy documents the contracting method (for acquiring the test articles and the procurement quantities) to support the project manager's acquisition strategy.

An analogy follows to help explain the concepts of acquisition strategy and contracting strategy:

Example 6-1 Analogy to Buying a House

A person needs shelter (the **requirement**) for their family (the **user**). In deciding on the acquisition strategy to obtain shelter, the person (the **sponsor**) responsible for obtaining shelter looks at credible alternatives. The options (**materiel alternatives**) in this example include purchasing a house, leasing a house, or moving into the grandparent's house.

After evaluating the alternatives, the person decides on an **acquisition strategy** of leasing a house in order to save money (in hopes of buying a house later). The **contracting strategy** to support this acquisition strategy (of leasing house) might be

to sign a rental contract for one year. If the person finds a great house but still isn't sure whether he wants to purchase it, another acquisition strategy could be a lease/purchase arrangement. The contracting strategy would include a rental contract which includes a provision to purchase the rental property for some negotiated price with a portion of rental payments applied to the purchase price of the house. This contracting strategy supports both the short-term acquisition strategy of leasing a house while also preserving the option of purchasing the house at a later date.

If the sponsor had opted for the first acquisition strategy—to rent one house for a year and then purchase another house, the contracting strategy to implement this approach would have entailed two separate phases and contracts (rental agreement and purchase agreement) rather than the single phase and single contract (“rent with option to buy” agreement) as in the first option.

In the same vein, the sponsoring organization identifies the valid requirement and identifies the foreign and domestic items (material solutions) for testing under the FCT.

The Contracting Officer assists the project manager in matching the contracting and acquisition strategies. As the project manager formulates strategies for acquiring both test and production items, there are issues to consider. One is the amount of risk that the vendor is willing to share. For example, will the vendor provide the test items at no/low cost or, if modifications are required prior to testing, make any modifications to the item at no or low cost? Such actions are not only more economical for the FCT Program but signal a cooperative risk sharing that is a good foundation for success.

In summary, the acquisition and contracting strategy must be complementary. The project manager decides the best approach by answering the following questions and having the facts to support the decision:

- Is the acquisition strategy and supporting contract approach for test articles consistent with the preferred FCT contracting approach to expedite production procurement following a successful FCT?
- What will the project manager do if a credible contender arises during the execution of the FCT?
- Who will prepare the contract?
- Who will award the contract?
- Who will administer the contract after award?
- When will the contract be awarded?
- What is the contract period of performance?
- What mechanisms will be used to obtain data rights or intellectual property?
- How will items be maintained during the test and after procurement?

Where there is a reasonable chance for procurement, the sponsoring organizations should, if possible, structure their acquisition and contracting strategies so there is a single contract award

to obtain the test articles and options for the production articles. Allowing for production options in the basic test contract in the acquisition strategy is commonly referred to as the "Kaminski Approach," developed and approved during the term of Dr. Paul Kaminski, former Under Secretary of Defense (Acquisition & Technology³).

The policy outlines the following guidelines:

- The intent to initiate an FCT project followed by procurement should be publicized in the CBD, encouraging full and open competition.
- Sources responding to the announcement should be provided a solicitation that calls for proposals to include test article prices and priced options for production quantities.
- Procuring activities may, without further competition and on the basis of the solicitation and the proposal, contract for production of the successful test article.

The complete one page memo may be found at Appendix F.

With such an acquisition and contracting strategy, the project manager can proceed directly from successful test to procurement. In cases where the procurement funds require reprogramming after the inception of the FCT project, additional Congressional notification is required before procurement. See DOD Financial Management Regulations, Volume 3, Chapter 6 "*Reprogramming of DOD Appropriated Funds*".

SOURCES SOUGHT

Every FCT acquisition strategy is predicated on available foreign products. The FCT project manager has the responsibility to conduct a thorough market investigation before formal submittal of a proposal. This investigation ensures that all known viable contenders (both domestic and foreign) are being considered and reduces challenges to the acquisition of production articles after a successful test. The sources sought announcement must note that the ultimate goal of the test program is to procure the item(s) which best meet user needs. Coordination with U.S. representatives overseas, such as the Offices of Defense Cooperation (ODCs), helps assure the widest dissemination of U.S. requirements to potential foreign vendors.

The FCT project manager's Contracting Officer must be an early participant in the FCT proposal process and is a key member of the IPT and assists the project manager in drafting the sources sought announcement.

³ This position is now the Under Secretary of Defense (Acquisition, Technology & Logistics).

CONTRACT PREPARATION

Once the acquisition and contract strategies are outlined and test roles and responsibilities are defined, the sponsoring organization's contracting office works with the project manager to structure and award the test contract with all necessary options. The project manager is responsible for preparation and oversight of the FCT contracts awarded by the supporting contract office. A vendor should help the project manager during the pre-award phase to provide general pricing and availability information. Major command and senior level FCT staff offices will normally not prepare or manage FCT contracts.

CONTRACT MANAGEMENT

While the sponsor FCT project manager is responsible for managing the FCT project contract, this task is not done in isolation. The Defense Contract Management Agency provides contract-related services, notably contract administration. Of particular interest to the FCT project manager is the Command's international arm, the Defense Contract Management District International (DCMDI), which acts as the single Contract Administration Service element outside the continental United States for DOD contracts. DCMDI provides the services listed in Chapter 3.

CHAPTER 7

REPORTING REQUIREMENTS

There are both legal and policy requirements for FCT reports. Reports show whether FCT projects are progressing satisfactorily and identify problems early enough in the program to take corrective action. The OSD FCT Program Office will stop funds when failure is inevitable or costs become excessive. Reports not only reinforce accountability and provide status information throughout the life of a project; they also document the results of an FCT and are the basis for decisions on production procurements.

These reports range from those required by law such as the Foreign Comparative Testing Program's Annual Report to Congress to those required by regulation or policy such as periodic progress reports and test and evaluation reports. The OSD FCT Program Manager evaluates the success of projects based on reports and will consider past success in managing FCT programs when prioritizing funding for future programs.

The sponsoring organization must provide final test reports and closeout briefings to vendors and their governments. An FCT project manager's initial planning for the structure of the test report must consider release of the information to foreign vendors and governments. By involving the proper experts in up-front planning, the project manager can avoid unauthorized release of classified or sensitive unclassified information, or compromising propriety information.

CONGRESSIONAL REPORTING

The OSD FCT Program Manager must report the status of the FCT Program annually to Congress. The FCT Annual Report to Congress is to show Congress that the FCT Program follows the intent of the congressional legislation. The report highlights technologies tested, funds expended, procurements resulting from the program, U.S. jobs generated, benefits to readiness of U.S. warfighters, and cost savings realized through the program. The report is a means for the Services and USSOCOM to inform Congress of their successes in using the FCT Program as a cost-effective tool for increased readiness. Copies of past FCT Annual Reports to Congress are on the FCT Homepage at <http://www.acq.osd.mil/sts/fct/> on the World Wide Web.

In addition, the OSD FCT Program Office notifies Congress of the intent to obligate funds for new FCT projects. Congress has a 30-day notification period in which they can approve, modify, or disapprove new starts. If procurement funding exists for the item, the notification of new-start FCT project satisfies the requirement for notification to Congress of new-start procurements. If, however, the Service/USSOCOM must reprogram funding for procurement, the reprogramming action must be complete more than 30 days prior to the purchase. When this requirement has not been met, the Service must separately notify Congress of the new-start procurement. Further information on this requirement is at Appendix H.

PERIODIC PROGRESS REPORTING

The Services and USSOCOM compile and forward to the OSD FCT Program Manager periodic progress reports for each active FCT project. These reports are due by the 15th working day after the end of each reporting period. Reports are submitted as frequently as the status of the project requires, generally on a monthly basis for funds status and quarterly for program activities. **Project Managers should report milestones as they attain them** (email is acceptable) and not wait until the quarterly report. Reports should allow managers to identify difficulties in a timely manner to ensure prompt remedial action.

A typical FCT Progress Report does not exceed a one-page narrative plus an updated project chart. The format for periodic project reports and charts is in the Appendices B and C. Note the project manager does not change the baseline without written approval from the OSD FCT Program Manager. The FCT Management System, when fully implemented, will facilitate report generation and project status updates.

FINANCIAL REPORTING

The Services and USSOCOM provide the OSD FCT Program Manager periodic financial reports which indicate the funds execution status of each FCT project. These financial reports provide information for projects authorized in the current fiscal year, as well as the five preceding fiscal years (if applicable). A funding report format is in Appendix D as part of the overall project chart.

Earned Value Management

The OSD FCT Program Office advocates the use of Earned Value Management in evaluating FCT projects' health and status. Earned value management is a technique that enables assessment of whether funds being expensed are producing the expected work progress. This information is especially valuable when planning and executing an FCT project because tolerances on cost and schedule are tight and subject to significant high-level domestic and international scrutiny.

Using Earned Value Management principles, the project manager can estimate how much money and time are required to complete each task. This calculation provides the project's baseline value. As work on the project progresses, the project manager will be able to measure each quarter the work accomplished (earned) on each task and the cost of that work. Any difference in cost, schedule, or performance—either positive or negative—from the baseline allows a determination of the “value” of the work.

TECHNICAL TEST REPORT AND PROJECT CLOSEOUT REPORT AND BRIEFING

The Services and USSOCOM will provide completed test and evaluation technical reports on systems, equipment, and technologies evaluated under the FCT Program to the OSD FCT Program Manager. In addition to the Test Report and Closeout Report the Project Manager should prepare and clear through foreign disclosure a closeout briefing for the foreign vendor participant(s) and their government representatives. All reports and briefs will address test and evaluation results, focusing on key performance parameters, and whether the parameters were achieved. The briefs and reports should clearly and concisely show the basis for determining if an item passed the FCT and if the item provides best value.

At the conclusion of each funded FCT project, the sponsoring organization shall provide a final closeout report to include as a minimum:

- A summary of the purpose and overall description of the FCT project
- FCT funding provided and expended by fiscal year
- Results of testing
- Disposition of test items
- Any procurement decisions
- Contract recipient, location, award dates and amounts (include Program Element and contract number so the Services and USSOCOM can track follow-on procurements)
- All countries and vendors participating in the test
- Actual or estimated cost avoidance in research, development, test and evaluation funds, savings in production and life cycle costs, and time saved in fielding items
- Any U.S. production planned (name and location of U.S. company).

A suggested closeout format is outlined in Appendix E. At a minimum, all information in the Appendix example needs to be provided.

A project can be considered completed when the technical test and closeout reports sent to OSD are accepted as complete and the project manager has provided a test report and briefing (unless waived) to the foreign vendor and government representatives. Classified or sensitive U.S. test data shall be provided to the foreign governments or manufacturers only in strict accordance with U.S. controls.

PROJECT REVIEWS AND ANNUAL KICKOFF MEETING

The sponsoring organization may be required to attend or present project reviews for selected FCT projects. Reviews may be requested as part of the annual FCT Proposal review and approval process or as a mid-term project review normally conducted at the mid-year point. Sponsoring organizations, FCT project managers, and foreign vendors involved in all "new-start" projects approved for the coming year (as well as out-of-cycle new starts) will be invited to attend a Fiscal Year FCT Kick-Off meeting hosted by the OSD FCT Program Manager.

THIS PAGE INTENTIONALLY BLANK

APPENDIX A

FOREIGN COMPARATIVE TESTING

EXAMPLE

SUMMARY PROPOSAL

AND

FULL PROPOSAL

SAMPLE

FOREIGN COMPARATIVE TESTING SUMMARY PROPOSAL

1. PROJECT NAME: STEALTH SCREEN SYSTEM
2. SUBMITTER: John C. Smith, PMS400D, Destroyer Flight Upgrade Manager, phone
3. MANUFACTURERS/VENDORS: (list all)
 - NAME: Ateliers et Chantiers du Havre (ACH) Engineering
 - COUNTRY: France
 - PRODUCT NAME: Radar Screen
 -
4. PROJECT / EQUIPMENT DESCRIPTION: The Stealth Screen System is a wire mesh screen that will cover the Remote Mine Hunting System (RMS) in its stowed position aboard AEGIS Destroyers. The Stealth Screen System is required for the RMS installation to meet ship radar signature requirements.
5. CURRENT STATUS: The systems are in production and are used to shield the boats and handling equipment on La Fayette class frigates.
6. CATEGORY OF EFFORT: (Circle one)
 - Test to procure or technical assessment
7. ESTIMATED FUNDING REQUIRED:
 - FY99 \$XXXX
 - FY00\$XXM
 - Total cost \$XXX M (including a Service/USSOCOM contribution of \$XXK).
8. PROCUREMENT FUNDING AVAILABLE: (List Program Funds/Program Element/other if known)
9. VALIDATED REQUIREMENT: (ORD or Mission Need Statement) Operational Requirements Document for DDG-51 Flight IIA, No 336-86-93
10. PROPOSED PROJECT MANAGER: David Jones, PMS400D, Destroyer Flight Upgrade Manager, phone number and e-mail

SAMPLE FOREIGN COMPARATIVE TESTING FULL PROPOSAL
SEE THE FCT HOME PAGE FOR THE MOST CURRENT VERSION OF THIS FORMAT.

FCT Proposals must use the most current version of this format. Attach a completed *Project Chart* prior to submitting to the **Office of the Secretary of Defense**. Consult the FCT Handbook for explanation/rationale of questionnaire information and to observe a sample format filled in.

1. Project Name, Description, Funding and Sponsor Information.

a. Project Name:

Less Than 3kW Generator Set

b. Candidate Item Countries and Vendors:

Foreign Country	Vendor
Canada	Mechron Energy, Ltd.

ESSENTIAL EVALUATION CRITERIA

Yes No N/A

Validated ORD/MNS?
Item in Production?
Test to Procure?
Service Proc. \$ Available?
Contract with Prod. Option(s)?
Letter of Support?
Service \$ to Test Domestic?
Logistics Considered?
IPT E-mail Addresses?

c. Project Description.

(1) 3 to 4 sentence description

The Less Than 3kW Generator set project responds to the requirement to replace soon-to-be obsolete 1.5kW gasoline generators. This project will evaluate soldier portable, multi-fueled generator sets with at least 1.5kW of power for AC and DC capability and compliance with tactical generator low noise requirements.

(2). Additional information.

The Army is designated lead in this project with the USMC participating in test planning and execution and with joint fielding plans. The USAF is an interested observer since it has an urgent requirement (PM MILSTAR, Pacer Speak project) that can potentially be satisfied with this generator.

d. FCT Funding Requested.

	FY 00	FY 01	FY 02	FY 03	FY 04	Total
Dollars (\$M)	\$XXX	\$XXX	\$	\$	\$	\$ XXX

e. Sponsoring organization.

☒ Joint Project.

Joint project lead service/organization: **Army**

☒ Army Navy Air Force
 USSOCOM ☒ Marine Corps Other: _____

f. Sponsor Project Manager.

Name & Grade/Rank: **XXXXXXXX**

Title: **Project Manager**

Position: Project **Manager**

Phone #: **phone**

Fax #: **phone**

Org: **USA PM Mob Elc Pwr**

E-mail Address: **pm-mep@xxx.belvoir.army.mil**

2. Proposal Information.

a. FCT Category.

Technical Assessment

☒ Test to procure. Check the type of test to procure:

Comparative test

☒ **Qualification test**

☒ Select among competing items for EMD. (Milestone II/Decision)

Develop performance or purchase specification for follow-on competitive buy.

Assess item performance to develop a new military requirement.

Concept Evaluation, Milestone I, (i.e. technology assessment).

Other. State end intention of FCT: _____

b. Proposal Type.

☒ New Start Project Continuing

Preliminary (draft) Final

☒ In-cycle Out-of-Cycle

Resubmission. (enter the following from the original submission)

Year: _____ Sponsor organization: _____

Under what title: _____

3. Integrated Product Team Contact Information (mandatory).

Project Manager (Government Sponsor): Name, Organization, Mailing Address, voice and FAX phone numbers, email

Army Project Sponsor: Name, Organization, Mailing Address, voice and FAX phone numbers, email

USMC Project Sponsor: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Vendor Representative (s): Name, Organization, Mailing Address, voice and FAX phone numbers, email

Requirement POC: Name, Organization, Mailing Address, voice and FAX phone numbers, email

User Representative: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Program Element Monitor: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Service/USSOCOM FCT POC: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Embassy Representative(s): Name, Organization, Mailing Address, voice and FAX phone numbers, email

DCMD-I Representative: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Contracting Office POC (Government): Name, Organization, Mailing Address, voice and FAX phone numbers, email

Disclosure Office Representative: Name, Organization, Mailing Address, voice and FAX phone numbers, email

OSD FCT Program Office (PM): Name, 3090 Defense Pentagon, Rm 3E130, Washington DC 20301-3090, PH (703) 602-3740, FAX (703) 602-3748, email: Linda.Palmer@osd.mil

First O6/SES/General/Flag Officer government sponsor Project Manager's Chain of Command: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Test and Evaluation Coordinator/POC: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Test Lead: Name, Organization, Mailing Address, voice and FAX phone numbers, email

Test Range POC: Name, Organization, Mailing Address, voice and FAX phone numbers, email

4. Requirement.

No.

☒ Yes.

a. Mission Needs Statement:

Title: _____

Number: _____

Classification Level: _____

Date Signed: _____

Signed by:

Name & Grade/Rank: _____

Position: _____

Organization: _____

b. Operational Requirements Document:

Title: **Operational Requirements Document for the Less Than 3kW Generator**

Number: **160-135**

Classification Level: **Unclassified**

Date Signed: **14 Jul 94**

Signed by:

Name & Grade/Rank: **Fredrick Franks, General (O-10), USA**

Position: **Commanding General**

Organization: **Training and Doctrine Command**

5. User Advocacy and Joint Coordination.

a. User Advocate. **MG John Coburn**

Commanding General, US Army OC&S

Commandant, US Army Ordnance Center and School (OC&S)

U.S. Army OC&S, Aberdeen Proving Ground, MD

name@xxx.apg.arm.mil

410-xxx-xxxx

FAX: 410-xxx-xxxx

b. Coordination.

☒ Yes. Identify the organization(s) and Point of Contact(s). Include e-mail addresses:

Organization	Point of Contact	E-mail Address
Navy	Mr. Navy Rep; phone	<u>Email address</u>
HQUSAF,IPSA, SAF/IAQ	Maj A Force; phone Mr. AF Alt; (phone	<u>Email address</u>
USMC	Ms. Marine, phone LTC J. Powers, phone	<u>Email address</u> <u>Email address</u>
USSOCOM	Ms. SOCOM Rep; phone	<u>Email address</u>

c. Is there USSOCOM or other Service interest/support for this FCT proposal?

No.

☒ Yes.

Organization	Point of Contact	E-mail address
USMC (MARCORSYSCOM)	Mr. Mar Cor	<u>jrep@mar-1.usmc.mil</u>
USAF (PM MILSTAR) Joint UAV Program Office	Col. MILSTAR	<u>poc@wp.af.mil</u>
US Navy NFEC	Mr. Navy	<u>rep@nfec.navy.mil</u>
SMART-T Program Office	LTC Army	<u>army@sarda.army.mil</u>

d. Joint Project Agreement.☒ Yes.

A joint MOA was signed between the Army and the USMC on 15 April 1994.

No. Sponsoring Organizations have not agreed on a joint requirement. Explain:

6. Market Investigation.a. Commerce Business Daily (CBD) Announcement. (Attach copy)Type of announcement: **RFI**Announcement Title: **Less Than 3kW Generator Set**Date of CBD announcement: **29 Dec 1994**"Respond by" date in CBD announcement: **29 Jan 1995**b. Other market investigation activities.

A market investigation in FY 1995 identified seven diesel generator sets (4 foreign and 3 domestic) that potentially could satisfy the Less Than 3kW Generator Set requirement. The companies providing models for testing were: Acmi-Motori; AFM; Billows Supply; Mechtron; Onan; Polar Products; and Company A. The testing showed that two of these generator sets met the Army requirements. The 2kW diesel generator from Mechtron (Canada) and the 2.5kW diesel generator from Company A (U.S.) were identified as viable products that could meet the Army requirements.

c. Candidates Identified.Number of Foreign candidates identified: **1**Number of U.S. candidates identified: **1**

Country	Vendor	Item Name	Status	FCT
Canada	Mechtron Energy, Ltd.	2kW Generator Set	NDI	X

d. Foreign Country Use.

Item Name	In use?	Where or Comment
2kW Generator Set	Yes	Canadian Armed Forces; proc contract for 1500

7. Cost Benefit and Savings Estimate. (Congressional Interest Item)a. Benefits.

A study has shown that most of the joint service requirements for 3kW diesel generators can be satisfied with the Canadian Mechtron 2kW set or the Company A 2.5kW set. The sets costs about \$xxx less than the 3kW set currently being evaluated by PM MEP. This will amount to a real dollar savings in the first year buy of approximately \$xxM (650 units for Army) and \$xxM in the second year buy (650 units for USAF). The total 2kW production quantities needed by DOD is expected to eventually exceed 8,500 units with a potential cost savings of \$xxM.

The Less Than 3kW Generator Set is also beneficial because it will ensure that soldiers have a reliable, low noise power source, where large tactical quiet generators are not available, and when gasoline is no longer available on the battlefield. It will also prevent proliferation of non-standard commercial generators in a field environment. The Mechtron or Company A set can be fielded two years sooner than the planned development and fielding of a new 1.5 kW generator.

b. Cost savings.

1. RDT&E Cost avoidance: **\$XXM**
2. Savings in procurement costs: **\$xK each; total \$XXXXM**
3. Operations and support life-cycle savings: **\$XXXXXM**

c. Methodology to estimate cost savings.

The RDT&E savings is based on how much it cost to develop a new 1.5kW Gasoline generator. Production savings are based on a procurement of XXXX units @ \$xK savings per unit. Life cycle savings is based on a mean-time-between-failure estimate that is XX% better than the current generator.

d. Other benefits or savings.

Establishing a TC-Standard Less Than 3kW Generator Set will potentially eliminate the need for field commanders to buy a variety of non-standard commercial generators that are difficult to support logistically in the field.

e. Impacts if not funded.

If an inexpensive, reliable Less Than 3kW Generator Set cannot be fielded, the military will face a deteriorating situation in providing electric power on the battlefield as older generators become more difficult to maintain. Current plans call for the elimination of gasoline on the battlefield as a tactical fuel and eventually the small gas generators will become obsolete.

8. Integration.

None required.

☒ Yes. Explain.

There is a need to relocate the fuel tank filter on the Mechtron generator. Vendor will do at no expense prior to the delivery of the test articles.

9. Acquisition Strategies.

a. Acquisition of Test Items.

- (1) Describe the acquisition strategy to acquire test articles for the FCT phase.

Test Item Acquisition Strategy: Twenty-four items will be purchased by the Army. Twelve items will be purchased company for FCT testing. FCT funds will not be used for the 12 items from US vendor. The draft purchase description at enclosure 7 has been provided to each vendor.

Test Item Contract Strategy: Two firm fixed price contracts will be awarded by PM MEP through ATCOM to acquire test items from each vendor. Production options will be added to accommodate follow-on procurements from the services upon successful completion of the FCT testing.

Foreign Contract Management Approach: PM MEP will work with BRDEC and the ATCOM contracting office to award one of the contracts to Mechtron. The Canadian NDHQ is providing some assistance while DCMDI assistance is being put in place.

Foreign Item Maintenance Concept: The Army will establish an intermediate maintenance supply point with float stock within each theater. The supply point will exchange items turned in by field elements and make minor repairs. For major repairs, units will be returned to the manufacturers' designated repair facility. The repair facility will be required to provide for repair or replacement on a 15-day turn around basis. Limited replacement of fuses and filters will be allowed onsite by the operator IAW the operator's manual.

Estimated Test Item Quantities & Unit Costs: 12 units @ \$xK each

- (2) Did Vendor(s) give cost estimates for providing their items:

☒ Yes. No. ☒ Written price & delivery schedule is available.

- (3) Purchasing Test Items.

☒ Yes, vendor and/or foreign government has been asked.

No discussion concerning no cost loan or lease of test articles has occurred.

- (4) Additional explanation:

The Canadian Army is conducting First Production test on the Mechtron 2kW set and all test reports and test data will be provided to PM MEP at no charge. User test data will also be provided as items are used in field exercises by Canadian personnel. Data rights to detailed drawings and specifications are owned by the NDHQ and will be provided to the US Army at not cost (to accommodate TC-Standard documentation and preparation of an updated purchase description using the Mechtron set as the basis). Company A will provide their commercial testing data.

b. Acquisition of Production (Fielded) Items.

- (1) Describe the acquisition strategy to acquire the foreign item after the FCT is completed assuming item met requirements. Provide contract strategy (sole source, full and open competitive solicitation, etc.), estimated unit costs and unit quantities to be procured and the planned logistic support strategy.

Production Acquisition Strategy: The contracts awarded to each vendor for the test articles will include two priced options for follow-on production. The approach consists of an initial Foreign Comparative Testing Program test and evaluation of the Canadian 2kW generator sets and U.S. Company A 2.5 kW generator sets in accordance with the Test and Evaluation Master Plan (TEMP). Based on successful completion of the FCT, one vendor will be selected for follow-on production options. The two options will satisfy

immediate Army and Air Force user requirements. Additional production generators will be procured using a competitive procurement with a technical data package (TDP).

Production Contract Strategy: **Two firm fixed price contracts with two priced options will be awarded to Mechtron and Company A. Upon completion of the FCT test, one vendor will be selected for follow-on production. Option #1 will be exercised to provide XXX generator sets to satisfy Force Package #1 Army user requirements. Option #2 will be exercised to produce XXX generators sets to meet immediate Air Force requirements. Once the immediate needs of the Army and Air Force are met, a competitive procurement contract is planned for follow-on buys for the USAF, USMC, and rest of the Army. Follow-on contracts will be Full and Open competition based on a U.S. government TDP using the winning vendor's generator set as the basis. One vendor will be awarded a contract to deliver production models for an abbreviated Production Qualification Test. The test will validate a first article production unit to ensure it is in accordance with the approved TDP. Approximately XXX generator sets will be produced to meet the Service needs.**

Estimated Production Item Quantities & Unit Cost: **XXXX units @ \$xK each**

Production & Fielding Logistic Support Strategy: **New Equipment Training teams will be used to train the trainers in tactical elements.**

(2) Sponsor Program Element for production procurement(s). Has a program element (PE) number been identified to fund procurement of FCT item(s)?

☒ Yes. (Fill in the boxes below and identify the PE information):

POM Number Referenced: **9604**

The PE Title: **Tactical Quiet Generator**

PE Number: **SSN MA-9800**

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Dollars (\$M)	\$XX	\$XX	\$	\$	\$	\$

(3) PE Manager/Champion. Provide name, rank, position, and organization of the most senior official who has agreed to support procurement if testing is successful. Attach correspondence.

Name & Rank: **MG James Coburn**

E-mail Address (mandatory): **name@xyz.army.mil**

Current Position: **Commandant and Commanding General**

Organization: **U.S. Army Ordnance Center & School**

Phone: 410-xxx-xxxx FAX: 410-xxx-xxxx

(4) Additional explanation: (Add any other information that would be helpful in understanding the production phase acquisition.)

About XXXX production items are urgently needed. HQDA is expected to provide \$XXXM of reprogrammed funds for a first year LP-Urgent Sole Source buy of XXX units.

The LP-U units are designated by HQDA for tactical Force Package #1 users. An additional XXX units are expected to be funded from the SMART-T Vehicle and PM MILSTAR Air Force Programs. The remaining known requirements are for urgent USAF and USMC needs. Anticipated future 2kW generator set procurements should go to XXXX units.

Continue on separate sheet if necessary

10. Contracts Funded with FCT Money.

a. Foreign contracts. List all anticipated foreign contract awards or other procurement methods used to implement this FCT: vendor(s) name, estimated dollar amount of contract award(s), for product(s) and/or services to be provided.

Vendor Name	Total Contract Amt (\$)	Amount for Products	Amount for Vendor Services
Mechron Energy, Ltd.	\$XXX	\$XXX	\$XXX

b. U.S. Contracts. List all anticipated U.S. contracts by vendor, estimated dollar amount for each contract award in support or cooperation of the FCT. For U.S. contractors, identify by vendor the amount of and location where funds are likely to be used. Note: FCT money shall not be used to acquire or test competing U.S. items.

U.S. Vendor Name and Location	Total Contract Amount (\$)	Amount for Products	Amount for Vendor Services

11. Sponsor RDT&E Contribution.

a. Sponsor contribution. Is the sponsoring service contributing resources to this FCT, i.e., funding all TDY trips, buying test items, paying for management and administrative support, etc.

☒ Yes. Estimate the total amount by year:

	FY 00	FY 01	FY 02	FY 03	FY 04	Total
Dollars (\$M)	\$XXX	\$XXX	\$	\$	\$	\$XXX

Is this FCT part of a major acquisition program? If so, please describe. What is the service contribution going to be used for?

Supplement FCT test and evaluation funds and for travel-related expenses.

Continue on separate sheet if necessary

No sponsor funding will be provided to test and evaluate the foreign item(s).

b. Sponsor Funding of Competing U.S. Candidates: If there is a U.S. product competing to satisfy the sponsor's requirement (or there is a likelihood that a U.S. product will compete in the sponsor's procurement phase after an FCT is completed), have funding and its PE manager been identified to fund the test and evaluation of all U.S. item(s) competing against the foreign item(s)?

☒ Yes. Identify amount by FY in PE to fund testing of domestic contender(s):

PE title: **Tactical Quiet Generator**

PE number: **SSN MA-9800**

PE Manager Name and Grade/Rank: **MG James Coburn**

PE Manager e-mail address (mandatory): **name@apg.army.mil**

Phone: **410-xxx-xxxx** FAX: **410-xxx-xxxx**

PE Amount	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Dollars (\$M)	\$XX	\$XX	\$	\$	\$	\$

No sponsor funding has been identified because there are no U.S. candidates.

12. Test and Evaluation.

a. Foreign Data Request. Has test and evaluation data been requested for the foreign item(s)?

☒ Yes. From whom and when: **Some data has been provided by Mechtron Energy, Ltd. and the Canadian NDHQ. Both have agreed to share additional test data from ongoing first production tests. Data has been provided to PM MEP.**

No. Explain why not:

b. Foreign Data Use. Has foreign data been received and validated? How will it be used?

Yes. Preliminary validation of test data is being done by comparing the Mechtron in house test data with Canadian Army data and the design specification. This analysis will be used as the basis for developing the traceability matrix, determining performance parameters and designing/refining the test plan to avoid unnecessary or duplicative testing.

c. Developmental Testing. Identify type & nature of developmental testing to be performed.

A combined Technical Test/Operational Test is being developed by TECOM/ATC and OPTEC/TEXCOM in coordination with other IPT members to insure it meets the Critical Issues and Criteria and other requirements identified in the TEMP.

Continue on separate sheet if necessary

d. Operational Testing. Is an operational test to be done?

☒ Yes. By who? **TECOM/ATC and OEC/TEXCOM will conduct a combined TT/OT at Aberdeen Proving Ground, and other operational tests will be conducted by TRADOC at Fort Drum and Fort Bragg as part of their CEP in conjunction with a planned ATD exercise. USMC will conduct separate service unique OT at Camp Lejuene and 29 Palms Marine Corps Base.**

No. Explain why:

e. Key Performance Parameters. Have KPPs been identified by the user?

☒ Yes. (attach list of KPPs) No. When will KPPs be identified?: _____

f. Test Plan or Test & Evaluation Master Plan (TEMP). Has draft Test Plan or TEMP been prepared?

☒ Yes. (attach) No. Give status: _____

g. Test Phases. Identify the test phases and describe the major decision points during the evaluation?

Yes. Scheduled test phases include:

- Combined Technical & User Testing at TECOM/ATC.
- Operational Testing by USMC.
- Operational Testing under TRADOC CEP.
- Logistics demonstration at Ordnance Center and School under CASCOM.

The major decision point is the Milestone I/III (TC-Generic) to be followed by TC-Standard decision, if feasible. T&E can be suspended or terminated during any phase where test results warrant.

Continue on separate sheet if necessary

13. Issues. List all. For example: political impacts, Congressional interest, U.S. production base concerns, past history, 'Buy America' Acts, offset arrangements, etc.

Production funding for the Less Than 3kW generators is not specifically identified as a separate line item in the budget; however, the Army PM MEP PE line for Tactical Quiet Generators does exist and those funds can be reallocated by the PM as necessary to meet the most urgent DOD requirements. Also, since many of the 3kW generator requirements can be satisfied with a less costly 2kW generator, the Army will reprogram some 3kW generator funds to support this acquisition effort.

Company A has solicited support from the Congressman in their district where the plant is located. If Company A does not win the contract, jobs could be lost in that district.

Continue on separate sheet if necessary

14. Attachments.

Encl 1: Project Chart (mandatory)

Encl 2: Item Picture(s) (mandatory)

Encl 3: CBD Announcement (mandatory)

List continuation sheets

List other attachments, e.g. requirement, memos of support, etc.

Encl 4: Message requiring single fuel (diesel) on battlefield.

Encl 5: ORD for less than 3kW generators.

Encl 6: Acquisition Strategy Summary Report.

Encl 7: Draft Purchase Description for Less Than 3kW Generators.

Encl 8: Critical Issues and Criteria, Key Performance Parameters for Less Than 3kW Generators.

Encl 9: TEMP for Less Than 3kW Generators.

THIS PAGE INTENTIONALLY BLANK

APPENDIX B

**PERIODIC PROGRESS REPORT FORMAT
AND EXAMPLE**

PERIODIC PROGRESS REPORT

for [Time Period]

Project Title: List project name (use same name as approved FCT Proposal).
Candidate(s): List name of candidate(s), contractor, and country of origin.
Sponsor: U.S. <service & organization> list sponsoring organization that is executing project, POC name and commercial phone number. Two line maximum, a full address is not needed.
Project Manager: (Name, phone number, e-mail)

Accomplishments During the Last Reporting Period:

- State what was accomplished in the reporting period just ended.
- Address any Milestone events.
- Do not repeat historical information from previous reporting periods or descriptive project information.
- Moderate use of common acronyms is acceptable.
- Use bullet statements.

Planned Actions in the Next Reporting Period:

- State what is planned for the next reporting period.
- Use bullet statements.

Issues:

- Identify and discuss issues to be resolved to allow/enhance procurement potential, state what the actions PM is taking
- Identify issues requiring higher HQ help. Identify any potential concerns.
- Identify and discuss cost growths or scheduled delays.
- Highlight any proposed changes to the project baseline.
- If no issues, so state.

Limit periodic project reports to one text page plus a baseline project chart annotated with current project status information.

The project chart should be updated as of the end of the reporting period. Funding actions and completed milestones for the period should be clearly indicated.

EXAMPLE

PERIODIC PROGRESS REPORT

for 4th Quarter FY 96

Project Title: Less Than 3Kw Generator Set

Candidate: 2Kw 60 Hz Military Tactical Generator Set; Mechron Energy System, Ltd.;
Canada

Sponsor: U.S. Army Project Manager Mobile Electric Power (PM MEP), AMCPM-MEP, LTC
Army Guy, phone

Project Manager: (Name, phone number, e-mail)

Accomplishments During the Last Reporting Period:

- The first option of the sole source contract was exercised for the LT3Kw Gen Set (Mechron Energy System, Ltd., Canada) and consisted of XXX each 2Kw 60 Hz Military Tactical Generator (MTG) Sets (contract #provide number). Delivery of the first production lot and Interim Support Items List components was received in September. Production deliveries will continue through March 1997.
- This first option will equip the Force Package #1 Users with the Mechron 2Kw MTG Sets beginning by 2QFY97. Fielding and Fielding Briefings began in September at Fort Hood and Fort Bragg.
- New Equipment Training (NET) and Instructor & Key Personnel Training (IKPT) were conducted by Mechron in July at the Aberdeen Test Center, APG, MD.

Planned Actions in the Next Reporting Period:

- Fielding will continue at all scheduled sites.
- A total quantity of over XXXX sets could be procured under this multi-year contract over five ordering periods if all options are exercised.
- This is the last Quarterly Report to be submitted on this project.

Issues:

- None.

THIS PAGE INTENTIONALLY BLANK

APPENDIX C

PROJECT FINANCIAL SUMMARY REPORT FORMAT

FCT FINANCIAL SUMMARY REPORT

(Representative format)

Sponsoring Organization: U.S.

Period of Report: _____

Year of Funds: FY ____

<u>Project Name</u> ¹	<u>DOD Funding Provided</u> ²	<u>Service Committed</u> ³	<u>Service Distributed</u> ⁴	<u>Service Obligated</u> ⁵	<u>Service Expended</u> ⁶
Project A	1,000,000.00	900,000.00	500,000.00	500,000.00	432,432.10
Project B	1,500,000.00	1,600,000.00	1,500,000.00	1,000,000.00	987,654.32
Totals ⁷	2,500,000.00	2,500,000.00	2,000,000.00	1,500,000.00	1,420,086.42

Sample data for demonstration only.

¹ List projects by same name used in the FCT Periodic Progress Report.

² List, by project, FCT funding provided based on individual service proposal/current DOD allocation.

³ List, by project, the FCT funds available to the FCT project management office for ultimate execution.

⁴ List, by project, total FCT funds distributed pending obligation.

⁵ List, by project, total funding accepted by activities for performance of services or products, contractual or in-house.

⁶ List, by project, total amount of reimbursable billings and contract payments disbursed, costed or accrued. Accruals must reflect actual costs incurred.

⁷ Total columns for projects shown.

Note: All amounts listed shall be cumulative for the applicable fiscal year as of the end of the reporting period.

U.S. Army FCT Periodic Financial Report (Representative format)

2nd Qtr FY00

Data as of 30 Jun 00

FY96 FCT Funding Status

Project Name	DOD Provided	Service Committed	Service Distributed	Service Funds %	Service Obligated	%	Expended	%	*
IME Support	250,000.00	388,584.66	388,584.66	100	388,584.66	100	388,584.66	100	
FCT TDY Spt	0.00	7,274.19	7,274.19	100	7,274.19	100	7,274.19	100	
Auto Chem Agent Alarm	889,000.00	1,011,486.47	1,011,486.47	100	1,011,486.47	100	399,388.48	39	A
JRAAWS Ammunition Upgrades	1,886,000.00	1,681,000.00	1,681,000.00	100	1,681,000.00	100	415,417.87	25	B
IM Hellfire Missile Motor	900,000.00	1,199,945.00	1,199,945.00	100	1,199,945.00	100	0.00	0	C
Metallic Mine Detector	1,780,000.00	1,780,000.00	1,780,000.00	100	1,780,000.00	100	1,775,131.49	100	
Standard Advanced Dewar Assembly II	130,000.00	264,981.00	264,981.00	100	264,981.00	100	115,576.62	44	
One Watt Linear Drive Cooler	101,000.00	101,000.00	101,000.00	100	101,000.00	100	0.00	0	
Improved Ballistic Armor Grille	350,000.00	245,000.00	245,000	100	245,000	100	2,710.47	1	
1.75w Linear Drive Cooler	0.00	246,200.00	246,200.00	100	246,200.00	100	0.00	0	
Standard Adv Dewar Assembly I	710,000.00	652,000.00	652,000.00	100	652,000.00	100	0.00	0	
Cordless Commo f/Combat Crewmen	245,000.00	229,381.52	229,381.52	100	229,381.52	100	45,224.13	20	
Russel Contract	0.00	100,000.00	100,000.00	100	100,000.00	100	100,000.00	100	
Universal/Precision Time Mortar Fuze	725,000.00	59,147.16	59,147.16	100	59,147.16	100	58,725.15	99	
TOTAL	7,966,000.00	7,966,000.00	7,966,000.00	100	7,966,000.00	100	3,307,973.06	42	-

A -ACADA: CBDCOM billings very slow through the SOMARDS accounting system

B - RAAWS/SADA II/1w LDC: Slow Contract billings

C-IM Hellfire: Contract awarded Feb 97

THIS PAGE INTENTIONALLY BLANK

APPENDIX D

PROJECT CHART FORMAT

PROJECT CHART FORMAT

OVERVIEW

The FCT Project Chart is a key management tool for submission of new FCT projects and reporting progress of current FCT projects. The project chart provides a means of monitoring performance and costs. The chart contains, on a single page, the planned and accomplished project actions, the funds execution plan, and the overall fiscal status.

DEFINITIONS

Project Chart: The one page format that lays out the project milestones, funding/obligation plan, and status. It is a mandatory part of the proposal and quarterly progress reports.

Baseline Project Chart: When the project is approved the project chart is, in effect, the project manager's contract with OSD. This Project Chart will then be signed by the project manager and will be kept on file at the Service/USSOCOM FCT office and a copy provided to the OSD FCT office. This project chart is referred to as the Baseline Project Chart. Project managers will not change these baseline figures (milestones, funding profile, etc.) during the life of a project without prior written approval from the OSD FCT Program Manager.

Current Project Chart: Shows current status of the project and will include completed milestones, current service contributions, DOD authorizations, obligations and expenditures. This updated project chart is required for periodic progress reports and continuing projects.

Periodic Financial Summary Report: (See Appendix C.) This report covers the current and 5 previous fiscal years, and gives the funding provided, service allocation, commitments, obligations, and disbursements. The summary lists cumulative totals per fiscal year for the last five fiscal years.

PROJECT CHART

DOD 5000.2-R states that every acquisition program shall establish an acquisition program baseline (APB) to document the cost schedule, and thresholds and objectives of that program beginning at program initiation. The FCT Project Chart is our APB and contains three sections, to enable easy correlation between actions or events (milestones), funding requirements, and actual financial status. Standardized milestones and financial categories (as listed below) will be used and indicated by quarter. The project chart should not exceed one page. ('Landscape' mode is recommended, as is use of an Excel 'Spreadsheet' to ease updating of funding figures.)

- 1) Milestone Schedule: As laid out by the proposal, the current milestone schedule will be presented. Shown will be the original (baseline) scheduled dates, any revision to those dates, and actual completed milestones.

- 2) Funding Profile: The baseline obligation plans break out expected FCT obligations by fiscal quarter and year and must match OSD disbursements. The Project Chart must reflect 100% obligation of OSD disbursements within the FY provided. For example, if \$500K was provided in FY01, we expect \$500K to be shown obligated in the FY01 plan. Actual obligations and expenditures are reported in spreadsheet format and updated for the Quarterly Performance Report.
- 3) Financial Status: Shown will be a summary of the current FCT financial status to include requests, authorization, distributions, obligation and expenditure data. Financial status information will be reported quarterly with the most up-to-date data available. (field data must be compared to official DFAS figures).

The project chart also has a signature block where the Project Manager signs acknowledging his approval of the data on the chart. The signed project chart that is in place when Congress approves the project becomes the program base-line project chart and in effect is the project manager's contract with OSD.

Milestone Schedule

A milestone schedule will be presented by fiscal year and quarter in the “project Activities” section of the Project Chart. Project sponsors may want to track by months and place events accordingly, but headers will be listed by quarters on the official Project Chart. Emphasis will be on defined, measurable milestones, which represent work packages that can be monitored in terms of performance and cost. The milestones shown below are required (indicate N/A if not applicable). Add additional milestones or subtasks and participating organizations as needed to describe project but keep the chart to a single page. A detailed spreadsheet with “roll-up” totals on the first page is acceptable.

The following symbols will be used. (See example charts following)

▽	Original (baseline) scheduled milestone
Δ---▽	Original planned time span
◇	Revised scheduled milestone
▲--▼	Actual start and end dates.
◆	Actual, revised accomplished date
*	See note

Required Milestones

- Project Approval: The date OSD notifies the Service that a project will be funded.
- Initial Funding Received: The date when funding is first received by the sponsor. For in-cycle new start projects, this will normally be October.
- Contract Preparation & Award / Acquisition Agreement / MOU: (indicate which) The date(s) for preparation and formal agreement between the U.S. and the manufacturer / vendor /

representative of the item to be evaluated. Milestone may be contract award, loan agreement signing, or similar legal instrument.

- Test Item Received: The date when the item will be available for test and evaluation. Indicate on the schedule if multiple items will be received at different times.
- Test Plan: The defined period from beginning of the development of the test plan through the date that the approved test plan will be forwarded to OSD. Specify the type of test plan such as "Evaluation Plan," "Test Design Plan," "Detailed Test Plan," "Summary Test Plan," or similar plan.
- Test(s): The defined test periods (start - end dates) the item is under testing. The test period should not include the slack time such as waiting for a test range, but should include any 'data analysis' time until results are available. Some potential sub-milestones may be: test period(s), test report, safety release operational testing, or testing at multiple sites. If testing consists of multiple phases with decision points between the phases, this should be clearly shown. Testing should address KPPs as early as possible and should incorporate decision points for project continuation.
- Evaluation Report(s): Indicate a milestone when the evaluation results will be available. Note this is not the test report, but the evaluators' position as to whether the item did or did not meet requirements.
- Decision: All projects should be concluded with some decision; include a milestone date when that decision will be made. In most instances, this will conclude the FCT project.
- FCT Closeout Report: The date in which the formal technical closeout (or disposition) report will be forwarded to DOD. (See Appendix for format.)
- Test Report: Final test report date.
- Closeout Briefing: OSD FCT PM, government parties and the vendor(s)

Optional Sample Milestones

Additional milestones may be added, but keep chart to one page. Examples of other potentially important milestones are:

- CBD Announcement
- FCT Solicitation Release
- Requirement Approved
- Screening Test - decision point
- Early User Test- decision point
- Test Report Distribution
- Type Classification--Limited Production or Generic
- Procurement Contract Award

Funding Profile

The “Cost Element/Funding Plan” section of the project chart is the obligation plan. Funds execution figures are rolled up in the “funding summary” section of the project chart and tracked against the plan. Funding will be totaled both 'across' and 'down' by fiscal quarter and year. The planned funding should correlate with the planned schedule; that is, cost elements listed correlate to the planned activity shown under project activities. List the organizations receiving the funding. Clearly identify whether the organization is U.S. government or contractor or foreign government or contractor. List figures to the nearest thousand dollars. List only those items or categories that will be funded by FCT; service contributions are shown on a separate line. The funding plan must match actual OSD disbursements and must reflect 100% obligation of OSD disbursements within the FY provided.

Include the following top-level financial categories shown below, even if zero:

- Test Item Acquisition: Include when funded by FCT:
Hardware Acquisition: Indicate Purchase, Lease, or Loan
Contractor Support: Services other than item acquisition
Contractor Training: Equipment training of government personnel in use of item for T&E purposes.
Logistics Support: Such as a spare parts package or maintenance needed during T&E.
Shipping: If not included in hardware price
- Test Item Integration: Include the cost of modifying test item before test & evaluation.
- Targets, Ammunition or other GFE: List cost of U. S. government assets to be consumed or used in testing.
- Technical or Management Support: Activities include contract preparation, contract support services, test & evaluation support, and program decision package development. List sub-tasks. Do not include travel (TDY) costs on this line.
- Contractor Support: All Science, Engineering and Technical Assistance and Contract Administrative Support Services contract support costs will be listed separately.
- Testing: May include all T&E efforts accomplished by testing activities; such as test planning and writing, all test conduct by location and organization, data analysis, and test reporting. Do not include travel.
- Evaluation: When accomplished by a separate evaluation activity (not the testing agency), this may include a technical or operational evaluation and will be concluded with an evaluation report. Do not include travel.
- Travel: TDY costs are not to be included in the above lines, but will be listed separately if funded by FCT. List domestic and foreign travel separately. Some sponsoring activities fund all or part of their travel expenses.

- Totals by Quarter: List overall funding requirements by quarter by summing the individual quarterly requirements.

A detailed cost projection may be attached, but the “roll-up” funding profile should fit on the single-page project chart.

Financial Status

For periodic progress reports and ongoing projects, the following financial information should be reported by quarter. These will be the actual amounts for actions accomplished. Figures may be negative to indicate withdrawals or reprogramming in the quarter that it occurs. The percentage of funds obligated to received, and expended to received, should be included.

- FCT Funds Requested: List amounts requested for project by fiscal year. These should match the funding plan quarterly breakout.
- FCT Funds Provided: List amounts authorized by DOD and programmed by the managing service activity. These should match the actual OSD disbursements in current and previous fiscal years.
- Service Contribution: If other than FCT funding will be used for this project, list by year. State the source (such as a given PE) and what the funding will be used for in the quarterly report.

The three items in the next section are reported by fiscal year of the FCT funds provided. List, by quarter, the amounts committed, obligated and expended in that quarter. Figures may be negative. Being historical data, there should be no need to change past quarters once reported.

- Committed: amount distributed, issued, and/or committed to this project. For the purposes of this report, funding need not be de-committed when obligated.
- Obligated: amount obligated by contract award, reimbursable project order, approved travel orders, or similar instrument.
- Expended: amount disbursed, costed or accrued. Accruals must reflect actual cost data.

Details will appear in additional spreadsheet worksheets. Only “roll-up” performance for first and second year of each fiscal year of FCT funds appears on the front page of the project chart file. Notes may be added to project chart as required if milestone actions or financial categories are not adequately explained by accompanying narrative.

Updates

The project chart should always show the actual milestones and obligations for all past quarters. If an expected obligation does not occur, the project manager should show that and move the obligation to the new expected quarter in the funding summary section of the chart.

The project chart should report incremental amounts for the actions in a given quarter; the past remains constant once the quarter is closed out.

Foreign Comparative Testing Program - Project Chart

Revised: 31 December 2000

Project Title: LT3KW Gen Set

Sponsor: DOD/U.S. Army PM MEP

Data as of: 30 September 2000

Project Activities	Performing Org	FY 2001				FY 2002				FY 2003				FY 2004				Symbol Key
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Project Approval	OSD																	Scheduled Start Actual Started Completed F Changed
Initial Funding Received	IME																	
Contract Prep & Award	ATCOM	-----	-----															
Test Item Received	ARMY, USMC			G----	---													
Test Plan	ARMY, USMC			G														
Technical Test	ATC			G----	-----	-----	-----	-----	-----									
Operational Test	ARMY, USMC			--	---G---	-----	-----	-----	-----									
Evaluation Report	ARMY, USMC					∇												
Decision	ARMY, USMC				G----	-----	-----	-----	-----									
FCT Close-out Report	IME				G----	-----	-----	-----	-----									
Tech Data Package	PM MEP				G---	---∇												
Production Buys	ATCOM					∇--	---G---	-----	-----	G								
First Unit Equipped	FPP #1								∇									

Cost Elements / Funding Plan (\$K)

Totals

Test Item Acquisition	Mechron/Company A	60																60
Test Item Integration	N/A																	0
Targets/GFE	N/A																	0
Management Support	BRDEC/PM MEP		40															40
Contractor Support	CECOM		50	16	5													71
Testing																		0
Location A	TECOM/BRDEC		100	180		60												340
Location B	Ft Bragg/Drum			30			30											60
Location C	Quantico/29Palms			24			24											48
Evaluation	ARDEC/YPG			13	13													26
Travel				2	2													4
Totals by Quarter		60	190	265	20	60	54	0	0	0	0	0	0	0	0	0	0	649

Symbology Key = Scheduled Start ∇ = Scheduled Completion = Schedule Change = Actual Start = Actual Completion = Change Occurred	Funding Summary	FY 2001				FY 2002				FY 2003				FY 2004				Totals	%
	FCT Funds Requested	535				114				0				0				649	
	FCT Funds Provided	535				114				0				0				649	
	Service Funds	110				68				0				0				178	
	FY01 FCT Committed																	0	0
	FY01 FCT Obligated																	0	0
	FY01 FCT Expended																	0	0
	FY02 FCT Committed																	0	0
	FY02 FCT Obligated																	0	0
	FY02 FCT Expended	Funds not yet available				Funds not yet available												0	0
	FY03 FCT Committed																	0	0
	FY03 FCT Obligated																	0	0
	FY03 FCT Expended																	0	0

PROJECT MANAGER SIGNATURE: _____ DATE: _____

APPENDIX E

CLOSE OUT REPORT FORMAT

FCT CLOSE-OUT REPORT

1. **References.** Reference item requirement, other significant correspondence, and previously supplied test and evaluation reports.
2. **Introduction and Background.** The purpose of this memorandum is to provide the FCT Program Office the final closeout report on the <FCT Project Title>. The project manager for this evaluation was _____.
3. **Requirement.** Review requirement for the item, state why evaluation was undertaken. State goal of the FCT.
4. **Candidates:** List names, origin country, and contractors of items evaluated.
5. **Testing.**
 - A. Project was approved and first funded on <date>. Summarize FCT funding by FY applied to project. Status of the funds are: ____% Obligated/____% Expended (by Fiscal Year). (If either less than 100% explain and give course of action to achieve 100%)
 - B. A contract was awarded to _____ located in _____ for ____ test items worth approximately \$____. Contract number was _____ and dated _____. Test items were received _____ and testing was begun _____ at _____.
 - C. Briefly review testing performed.
 - D. Testing completed on _____ and the test report (attachment X) was distributed on _____.
6. **Results.** Review test results against the requirement and key performance parameters. Summarize the events of the FCT and will serve as the permanent final record of the project. Report normally should not exceed four pages and should be written as an executive overview.
7. **Disposition.** Was the FCT test successful? Did the item meet requirements? Did the sponsor decide to procure the item(s)? Give disposition of test items after FCT completion. A contract was awarded to _____ located in _____ to procure ____ items worth approximately \$____. Contract number was _____ and dated _____. Are follow-on procurements anticipated?
8. **Follow-on Actions:** Identify procurements to date resulting from this FCT by numbers of items and total value. Include contract number to aid OSD in tracking additional procurements through options. Estimate R&D savings and/or time savings that resulted from this FCT.
9. **POC:** For follow-up information on this project.

SAMPLE CLOSE OUT REPORT

FCT CLOSE-OUT REPORT Less Than 3kW Generator

1. References. ORD 160-135 dated 14 July 1994; FCT proposal; Quarterly Project Reports.
2. Introduction and Background. The purpose of this memorandum is to provide FCT Program the final closeout report on the Less than 3kW Generator Set FCT Project. The project manager for this evaluation was COL Becker.
3. Requirement. The requirement for a Less Than 3kW generator set is captured in ORD 160-135 dated 14 July 1994. The declared obsolescence of existing gasoline powered 1.5kW generator sets and the absence of gasoline on the battlefield after 1999 combined to create a requirement for a Less Than 3kW generator set that was portable, multi-fueled, and capable of meeting specified power generation requirements. The goal of this FCT was to test and evaluate a non-developmental foreign item that appeared to have the potential to meet the requirements.
4. Candidates: 2kW Generator Set, Canada, Mechron Energy, Ltd.
2.5kW Generator Set, U.S., Company A
5. Testing:
 - a. Project was approved and first funded on 1 Oct 1995. The project received \$160K in FY 95 and \$100K in FY 96. We are 100% obligated and expended for both Fiscal Years.
 - b. Contract F08635-97-D-0016 was awarded to Mechron Energy Systems, Ltd. and Company A for 12 test items at approximately \$5K each. Test items were received in April 96 and testing was begun Apr 96 at Aberdeen Proving Ground.
 - c. Both operational and technical testing were performed. Operational tests were conducted in the field environment at both Ft. Bragg and Ft. Drum. The USMC also conducted Service-unique operational tests at Camp Lejuene and at 29 Palms Marine Corps Base. Technical testing was conducted by TEXCOM at Aberdeen Proving Ground.
 - d. Testing was completed July 96 and the test report was distributed on 1 October 97.
6. Results. All testing supported the manufacturer's data and performance claims. The test results demonstrated that the Mechron 2kW Generator Set met the U.S. Army performance requirements as specified within the ORD and provided best value over Company A's generator.
7. Disposition. Mechron test items were retained by the U.S. Army and put into service at Aberdeen Proving Ground in the Ordnance School.

8. Follow-on Actions: The first option to the Mechron contract (contract #*provide number*) was exercised for XXX 2kW Military Tactical Generator Sets . First deliveries took place in September. Fielding of these generator sets to Force Package 1 units at Ft. Bragg and Ft. Hood should occur in 2QFY97. The second option will be exercised next year to meet Air Force immediate requirements. The follow-on options provide the potential for XXXX sets to be produced for the Air Force, Marine Corps and the rest of the Army. This FCT has saved an estimated \$XXM in RDT&E and 2 years in fielding time. There is a production savings of \$3K per unit procured.

9. POC(s) for follow-up information on this project: Mr. XXXXXXXX

APPENDIX F
KAMINSKI MEMO

ACQUISITION AND
TECHNOLOGYTHE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010

MAR 18 1996

MEMORANDUM FOR ACQUISITION EXECUTIVES OF THE MILITARY DEPARTMENTS
AND USSOCOM

SUBJECT: Foreign Comparative Test Program

Department of Defense (DoD) acquisition practices should encourage competition from U.S. and foreign sources. Defense articles which have completed development require testing prior to acquisition. The Foreign Comparative Testing (FCT) Program provides a process for testing defense articles of foreign countries alongside those of U.S. companies.

When a reasonable expectation of funding for production exists, FCT projects should be undertaken in accordance with the following guidelines:

- The intention to initiate a FCT project followed by procurement should be publicized in the Commerce Business Daily, and full and open competition invited. In addition to outlining the FCT project, the announcement should state whether procurement of the successful candidate article is planned, and in what quantities, and in what time periods procurement is anticipated.
- Sources responding to the announcement should be provided a solicitation that calls for proposals to include the prices for the articles to be tested, and priced options for production quantities.
- Procuring activities may, without further competition and on the basis of the solicitation and the offeror's proposal, contract for production of the successful test article.

Paul Kaminski

Paul G. Kaminski



APPENDIX G

FCT PROPOSAL CHECKLIST

		*5 =	Out of 25
9. Acquisition Strategy 5 – Procurement funds identified in POM. Strong acquisition strategy. 4 – Test to procure. Adequate strategy. Procurement funds are available. 3 – Procurement funds can be made available through PM restructuring of funds. 2 – Technical Assessment or no procurement funds identified. 0 – Exploitation/Weak acquisition strategy	(Item 9 on proposal)	*5 =	Out of 25
SUBTOTAL (page 1)			/140
SUBTOTAL (page 2)			/60

TOTAL		/200
-------	--	------

Criteria	Score (0-5)	Weight	Weighted Score
10. Logistics (Item 9b on proposal) 5 – Logistics support has been considered and addressed adequately 2 – Only partially addressed logistics concerns 1 – Logistics support has not been addressed		*1 =	Out of 5
11. Sponsor Funding (Item 10 and 11 on proposal) 5 – More funding provided by sponsor than requested from FCT 4 – Equal funding provided by sponsor 2 – Minimal funding provided by sponsor 1 – No funding provided by sponsor or funding not available for U.S. contenders		*2 =	Out of 10
12. Foreign Test and Evaluation Data (Item 12 on proposal) 5 – Foreign test and evaluation data exists, has been reviewed, and will be useable by the U.S. 3 – Some data exists that may be useable by the U.S. 1 – No foreign test and evaluation data exists		*2 =	Out of 10
13. Cost Effective Test Approach (Item 13 on proposal) 5 – Reasonable item and test costs 3 – Test approach needs some work, but not unreasonable 1 – High item and test costs		*2 =	Out of 10
14. Realistic Project Schedule (Attachment) 5 – Realistic schedule 3 – Subsystem follows program system schedule 1 – Unrealistic schedule		*2 =	Out of 10
15. Is this project a good idea? 5 – The technology has obvious immediate benefits to the warfighter 4 – Sounds good, but not completely convinced 3 – Not critical to the warfighter 1 – Little benefit to the warfighter		*3 =	Out of 15
SUBTOTAL (page 2)			/60

Reviewer's Comments, Summary, Questions, Issues

For example: No requirement, market investigation not yet completed, project seems to involve high-risk software engineering/high integration costs for FCT, no letter of support. Logistics discussion missing. Project is premature. Recommend disapprove at this time or resubmit when proposal is more fully developed and all FCT criteria can be satisfied.

